

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Charter County of Wayne	County Wayne
Audit Date 9/30/05	Opinion Date 10/27/06	Date Accountant Report Submitted to State: 10/31/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards unless reported as a "Yes" response below. "Yes" responses have been disclosed in the financial statements, including the notes, the report of comments and recommendations, or the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. "No" responses indicate that no instances of noncompliance came to our attention.

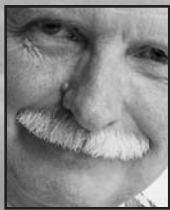
- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1960). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 268 of 1996 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 198 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).		✓	

Certified Public Accountant (Firm Name) KPMG LLP			
Street Address 150 West Jefferson, Suite 1200		City Detroit	State MI
Accountant Signature KPMG LLP		ZIP 48226	Date 10/31/06

REGIONAL PROGRESS STARTS HERE



**CHARTER
COUNTY OF
WAYNE
MICHIGAN**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2005

ROBERT A. FICANO
COUNTY EXECUTIVE

**CHARTER COUNTY
OF WAYNE, MICHIGAN**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2005**

**PREPARED BY:
DEPARTMENT OF
MANAGEMENT & BUDGET**

CHARTER COUNTY OF WAYNE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2005

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INTRODUCTORY

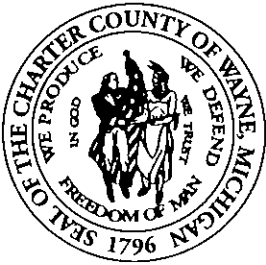
The introductory section contains:

Letter of Transmittal

List of Principal County Officials

Wayne County Commissioners

Organizational Chart



Robert A. Ficano
County Executive

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October 27, 2006

To the Citizens of the Charter County of Wayne, Michigan:

State law requires that every general purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

KPMG LLP has issued an unqualified ("clean") opinion on the Charter County of Wayne, Michigan's (the County) financial statements for the year ended September 30, 2005. The independent auditors' report is located at the front of the financial section of report.

Management's discussion and analysis section (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The County is located in southeastern Michigan, encompassing approximately 623 square miles. It is made up of 33 cities, including the City of Detroit, 10 townships, 1 village, and 41 public school districts. Its population of approximately 2 million makes it the most populous County in the State of Michigan and the 11th most populous County in the nation.

The County was incorporated under Act No. 293, Public Acts of Michigan, 1967, as amended. It is governed by a Chief Executive Officer (County Executive), who is elected on an at-large basis for a four-year term and a County Commission (the Commission) comprised of 15 members elected on a partisan basis for two-year terms. The Commission serves as the legislative branch of the County. It is responsible for establishing policy and the County budget. The County also elects the following officials on an at-large basis for four-year terms: County Clerk, Register of Deeds, Prosecuting Attorney, Sheriff and County Treasurer. The County Clerk and the Register of Deeds are responsible for the general recording of official records. The Prosecuting Attorney and Sheriff are responsible for providing quality law enforcement to all people of the County. The Treasurer is responsible for the receipt, custody, and investment of all County funds and the collection of taxes.

The County has primary funding responsibility for the Third Circuit and Probate Courts, although both are legally separate entities and are reported as discrete component units. The Courts are responsible for judicial proceedings within the County. There are three separate divisions of Third Circuit Court: civil, criminal, and family court. The civil division is assigned 25 judges for the resolution of general civil cases. The criminal division is assigned 32 judges and has sole jurisdiction over felonies and high misdemeanors. The family court division has responsibility for hearing both domestic relations and juvenile cases. Probate Court has eight judges who have jurisdiction in all matters related to settlement of estates, trusts and appointment of trustees.

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the Budget Division in the Department of Management and Budget on or before March 1st of each year. The Budget Division uses these requests as the starting point for developing a proposed budget. The County Executive submits the proposed operating budget to the Commission for review prior to June 1st. After public hearings to obtain taxpayers' comments, the Commission legally enacts the budget through the passage of the appropriations ordinance. The appropriated budget for the General Fund is adopted by function (e.g., general government, public safety, public works, etc). Amendments to appropriations that change the County's appropriations ordinance require the approval of the Commission. Certain transfers within line items that do not affect aggregate departmental appropriations may be made without the Commission's approval.

Local Economy

Although the local economy was on the way down in 2001, spurred in part by the onset of a national recession and later in the year by the terrorist attack of September 11, that downturn was magnified by the structural problems of the domestic auto industry resulting in an industry retrenchment that has yet to run its course. The national labor market turned around in the second half of 2003, however, the County like other labor markets in Michigan, continued to lose jobs. Although the most significant losses in employment occurred in 2002 with a decline in the job market of 28,500 jobs, it has moderated since then, shrinking to 15,600 in 2003, 11,300 in 2004 and 3,900 in 2005. When Detroit (County seat) hosted Super Bowl XL in February 2006, the City and the County enjoyed some of the best economic development since 2000. Infrastructure improvements paid off as announcements of public-private investment made the headlines.

In December 2005, with the support of corporate and individual investment, the YMCA opened The Boll Family 'Y' in downtown Detroit. The 99,000 square foot site includes pools, a fitness center, aerobics rooms, media and visual arts labs and a 200-seat theater. In May of 2006 the YMCA raised approximately \$36 million for construction of a playground, a park and other programs. This state-of-the-art, fully licensed Child Development Center, offers care and education for children 18 months to 5 years of age. It features the YMCA "Playing to Learn" curriculum and an engaging weekly physical fitness program.

In addition, MGM Grand Detroit LLC plans to build a completely new complex that will create approximately 1,000 jobs. The \$765 million permanent gambling facility will include a 401-room hotel, convention space and a new casino. The MotorCity Casino LLC will spend \$275 million on expansion of its temporary casino, which will include a tower with a 400-room hotel and entertainment center. The Greektown Casino plans to spend \$275 million for gaming floor expansion, a 400-room hotel and a new parking garage. In 2005, MGM reported \$460.7 million, Greektown, \$335.6 million and MotorCity, \$432.2 million in revenues.

The County has a history of relatively comprehensive employee health benefits, brought about in part by longer term recommendations that are not intended to diminish the number or the quality of the health care plans offered by the County. These plans are very important to the health and welfare of the County's staff and their families and are important aspects of the County's ability to recruit and retain the highest quality workforce. The County has been in negotiations with all of their unions since early 2005. Most of the nonfinancial items have been solved; however, the largest economic hurdle that remains is cost sharing for health care. These changes will not stop increases in costs to the County, but it will help to slow them down. Even with concessions by the unions, health care costs increased 3.6% in 2006 and are expected to increase another 5.9% in fiscal year 2007.

The State Revenue Sharing program administrated by the State's Department of Treasury provides unrestricted financial support to the County and other local units of government. This program allows the County to distribute dollars based on the determined funding needs for certain services. The State Revenue Sharing Act, Public Act 140 of 1971 (Act), as amended (MCL 141.901) authorizes the distribution of funds. Funding for the State Revenue Sharing program consists of the following dedicated tax revenues:

- Constitutional - 15% of the 4% gross collections of the state sales tax
- Statutory - 21.3% of the 4% gross collections of the state sales

Effective October 1, 2004, in an effort to balance the State's budget, the State suspended revenue sharing payments to counties. Public Act 357 of 2004 (the Act), issued in December of 2004, provided a new funding mechanism to serve as a substitute to county revenue sharing payments. This new mechanism involves a gradual three-year shift of the county property tax millage from a winter tax levy to a summer tax levy. In 2005, 1/3 of the County's allocated mills were levied in the summer. In 2006, 2/3 of the County's allocated mills were levied in the summer, and in 2007, and each year thereafter, all of the County's allocated mills will be levied in the summer.

Additionally, the County is required to place, over three years, an amount equal to the County's December 2004 general operating property tax levy, into a separate fund, known as the Revenue Sharing Reserve Fund (RSRF), a restricted fund. The Act requires this amount to be made in three payments as listed below:

- 1/3 from the County's December 2004 general operating property tax levy
- 1/3 from the County's December 2005 general operating property tax levy
- 1/3 from the County's December 2006 general operating property tax levy

The Act also allows the County to use, from the RSRF, an amount equivalent to annual revenue sharing from the State. For fiscal 2005, the State suspended revenue sharing payments for the second year in a row, which allowed funds to be directed to other areas of the State budget. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's fiscal years 2004 and 2005. The inflation rate for 2005 was 2.3%. This new revenue sharing funding mechanism sunsets in 2009.

Although the County topped the region with development in 2005, led by growth in Detroit and the increase in retail and warehousing expansion, the economy was still hurting. Building projects were approximately 15.2 million square feet, about half of what it was in 2002. Oakland County, Michigan's wealthiest county and previously the region's leader in economic development, lost the top spot to Wayne County which had 10.3 million square feet of land developed in 2005, representing 31 percent of the region's building activity. Oakland trailed behind with 9.9 million square feet of development. The primary reason for the growth in the County is the expansion of the airport, new entertainment venues in Detroit and new strip malls in the downriver communities. Canton Township was the County's second busiest community after Detroit with 1.4 million square feet of development. Canton is one of the fastest growing communities in southeast Michigan. Its population grew from 10,000 to 85,000 in just 35 years.

IKEA, the world's leading home furnishings retailer, opened its Canton store in June 2006. IKEA Canton is the Swedish company's first store and restaurant destination in Michigan, fourth in the Upper Midwest, and 28th in the U.S. (The closest IKEA stores are in the Chicago area and in greater Toronto.) Located on 21 acres at Ford and Haggerty Roads off I-275 in Canton, MI, the 311,000 square-foot IKEA store created 500 construction jobs and welcomed 400 workers into the IKEA family of more than 10,000 workers in the U.S. and 90,000 globally. In addition to 10,000 exclusively designed items, IKEA Canton has 50 different room settings, three model homes, a supervised children's play area, and a 300-seat restaurant serving Swedish specialties such as meatballs with lingon berries and salmon plates, as well as American dishes. Other family-friendly features include a Children's IKEA area in the showroom, baby care rooms, preferred parking and play areas throughout the store.

Northwest Airlines, which has a hub at the Detroit-Wayne County Metropolitan Airport, a discrete component unit of the County, voluntarily filed Chapter 11 Bankruptcy in September 2005. Northwest blamed competition from low-cost carriers, the highest labor costs in the industry, huge pension payments coming due, and record-high fuel costs as the reasons for the filing. The price of jet fuel soared to new levels after Hurricane Katrina

knocked out refining capacity in the southern U.S. In Northwest's 24-page filing made in U.S. Bankruptcy Court in New York, the Eagan, Minnesota-based airline listed debts of \$17.9 billion and assets of \$14.3 billion. Included in the bankruptcy filing was a restructuring plan, which focuses on building an airline that can remain competitive in this fast-changing business. Northwest's plan for a successful reorganization focuses on achieving a more competitive cost structure and adapting to the airline industry's new marketplace realities. At this time, the restructure is not complete.

The County is not a guarantor on any of the Wayne County Airport Authority's debt except for the Airport Hotel Revenue Bonds as discussed in Note 11 of the financial statements. Therefore, the bankruptcy filing will not have a financial impact on the County.

Long-Term Financial Planning

The County is projected to remain in sound financial condition, however, revenue growth is projected to be lower than expenditure growth in several funds, including the General Fund, which will require actions to be taken, as described below. The County has little general obligation debt and all outstanding debt is within conservative guidelines. No significant increase in debt is anticipated over the next few years; however, the County will take every opportunity to refinance existing debt, depending on the results of the bond market.

Unreserved, undesignated fund balance in the General Fund of \$18.1 million (4% of expenditures), falls below the policy guidelines set by the Government Financial Officers Association and the fund balance policy (between 5 and 15% of expenditures) issued by the Department of Management and Budget. The fall below policy levels is due, in part, to increased health care costs as well as the suspension of State revenue sharing payments. The County intends to raise the bar within the next five years to ensure that the County is in good financial position and can finance services to the public on an ongoing basis. The goal is to build a self-sustaining government, with a sound infrastructure and an excellent quality of life. This plan, when developed, will be one that shifts the emphasis from bottom line financial concerns to service delivery within a longer-term financial planning horizon. The Long-Term Financial Plan (Plan) will include:

- An assessment of the County's demographic and economic environment
- Preparation of a 10-year projection of operating costs and capital spending requirements
- Identification of options for addressing the financial gap between revenues and spending requirements
- Development of financial planning principles and supporting policies to guide future budgets
- Approval by the County Executive and the County Commissioners.

Ensure Long-Term Financial Sustainability

Recognizing that the County can only count on the revenues of which it has control and that shared revenues will most likely diminish in the future, the financial requirements for the County's operating and capital needs will be determined on a multi-year basis. Management will identify the funding gap between revenues and expenditures and include in the annual budget process a detailed one-year budget, a three-year budget forecast, and an annual update of the 10-year projection, including identification of the long-term funding gap and the County's progress in addressing the gap. The County will need to raise sufficient revenue to meet long-term operating and financial requirements, recognizing that inflation increases the cost of both operating and capital programs. Additionally, the County will annually identify and provide for capital from current funding, annual debt servicing costs, and for changes to operating costs arising from new/replaced infrastructure. Finally, the plan for the replacement of infrastructure through the use of life cycle costing and the development of replacement reserves will be examined.

Deliver Services in a Cost-Effective and Efficient Manner

As part of the Plan the County envisions undertaking regular service level reviews giving consideration to its demographic profile and other relevant factors. A review of the County's programs on a regular, rotating basis, through the use of value-for-money audits, will need to occur to ensure services are delivered in a cost-effective and efficient manner. Finally, the County will continue to develop and improve upon key performance measures for each program area and incorporate performance measures in the annual operating budget.

Ensure Operating Revenues are Sustainable and Consider Community-wide and Individual Benefits (taxes versus user charges)

The County will look critically at all the services it provides on an annual basis. No longer will the County be able to finance services or programs that are not self-sustaining. Financing for these services will depend on the ongoing, sustainable revenue sources. This will be accomplished by aligning source and application of revenue after considering community-wide and individual benefits and by targeting proportions of program costs to be raised through user charges based on reviews of benefits received. User charges at rates that will yield the target proportions will be established and those rates will be increased at the same (or greater) rate as increases in program operating costs. The County will strive to increase user fees as a percentage of overall funding by identifying new areas where user fees can be implemented ensuring that both operating and capital costs are considered when establishing user fees (full program costing). Programs, which are driven entirely by individual benefit, should be fully self-supporting through user fees. User fees should cover all operating and capital costs. New programs will only be implemented if fully financed from user fees and program reserves. In reaching decisions concerning the implementation of new user fees to pay for services, consideration will be given to the relative shifts of costs between tax classes. User fees, which would result in significant shifts between tax classes, should be phased in.

Meet Social Equity Objectives Through Specific Programs

Financial planning policies should be applied on the basis of their benefit to the community as a whole. Following the course of this objective, in 2005, the County Executive, Robert Ficano, announced an initiative to spur economic development activities throughout the County. Transforming Underdeveloped Residential and Business Opportunities (TURBO) in its simplest form, will grant tax relief for new construction and rehabilitation of residential, retail and other commercial activity. The County, in partnership with the local communities will target areas and underdeveloped parcels of land in need of economic revitalization. Investors will enter into development agreements with the County that describe the development plan, the amount of eligible expenses to be reimbursed along with the intended completion date of the project. Eligible expenses may include infrastructure costs (sewerage, sidewalks, etc.), demolition costs, environmental remediation and soft costs such as title, survey fees and permits. The advantage of this initiative for the County is an increase in the tax base of the County and other local municipalities and taxing entities, including school districts. At the same time, investors receive one year of free property taxes, up to 50% of property taxes will be used to refund eligible expenses and the tax benefit coincides with the land thus benefiting the developer and the purchaser. In addition, the flexibility of the initiative may be tailored on a case-by-case bases to fit project needs.

In addition to TURBO, the County entered into an intergovernmental agreement with the State's Land Bank Fast Track Authority to create a five-member land bank authority. The County's Land Bank will "bank" tax-reverted properties and help redevelop the properties. The County Treasurer receives approximately 1,000 foreclosed properties per year. As of September 2006, the number of foreclosures held by the Treasurer approximated 3,300, most of which are located in the City of Detroit. The composition of the board will consist of five board members, who will include the County Treasurer, one Detroit County Commissioner, and three additional board members to be named by the County Executive.

Manage the County's Capital Assets to Maximize Long-term Community Benefit

The County must maintain its required infrastructure in a 'state of good repair' by implementing life cycle costing to provide for the future rehabilitation/replacement of assets. In order to accomplish this, regular reviews of remaining life and condition of assets will have to occur to determine required annual reserve contributions sufficient to ensure that 90 percent of approved infrastructure rehabilitation/replacement schedules can be met at the required time. Assets and facilities should be regularly reviewed and rationalized based on service demand and service level benchmarks. Facilities that do not achieve approved revenue/cost targets should be considered for closure.

The County will dispose of capital assets, which are not required for long-term community purposes. Finally, a capital-funding plan will be implemented to address the County's infrastructure renewal requirements.

Recognize that Funding From Senior Governments is a Crucial Element of Financial Sustainability

The County must seek additional sustainable revenues from the federal and state governments and senior government funding sufficient to bridge the funding gap between net required program costs and affordable tax and user charge rates/revenues.

The County will participate in grant/subsidy programs only if programs/projects to be supported are required or can be justified independently of the provisions of the grant/subsidy.

Use Debt Financing where Appropriate

Debt financing should only be considered for:

- Programs and facilities which are self-supporting
- Projects where the cost of deferring expenditures exceeds debt servicing costs, and
- New, non-recurring infrastructure requirements

In addition, the County will be continuously looking at its existing debt to take advantage of lower interest rates and other opportunities. Two debt refinancings are under consideration for fiscal year 2007.

The County is also considering undertaking a short-term, managed program of debt financing to address the County's current infrastructure deficiency and to reduce further deterioration of the County's infrastructure in 2006. For debt charges declining due to retirement of debt, the County will apply savings to accelerate achievement of full life cycle costing for County infrastructure. Finally, the County will continuously review its debt and fund balance policies and other tools to maintain an 'AAA' rating from the bond rating agencies.

Maintain Reserves and Reserve Funds at Appropriate Levels

The accumulation of adequate reserves and reserve fund balances is critical to the County's long-term financial viability primarily for three reasons. First, certain liabilities, although incurred in the current period, are not paid until future periods, as is the case with workers' compensation and retiree health obligations. Reserves are necessary in order to fund these future payments. Without these reserves, a significant unfunded liability could accumulate, negatively impacting operations in the year of the payment. Second, reserves and reserve fund contributions are necessary in order to provide for the repair and replacement of the resources that are being consumed in current operations. For example, as mentioned above, as County infrastructure wears out or is "consumed" in the current year, the County should contribute to replacement reserves or reserve funds so that funds are available when needed in the future for replacement. Over the next few years, the County will be giving highest priority to restoring and maintaining the County's infrastructure. To conduct essential business and deliver expected services, the County must devote resources to its roads, parks and other facilities. An

infrastructure reserve will be created to address this top priority and ensure future project funding. Of course, funds could be borrowed for future requirements but this alternative is more expensive, leaving the County vulnerable to future interest rate fluctuations and shifts the burden of funding to the future, rather than the present. Finally, the existence of adequate reserves and reserve funds can provide a buffer or "safety net" against significant negative financial developments. The County is currently in a period of prolonged financial restraint that has been created by successive years of funding cutbacks and shifting of financial responsibilities by the State of Michigan. As a result, the strategy of contributing to reserves and reserve funds is one of the few reliable ways to ensure that future requirements for service will be met or that additional negative developments will not curtail the County's ability to deliver services needed by its residents. In addition, reserves are used as a financial yardstick to determine a County's credit worthiness and credit rating. A strong bond rating position allows flexibility to the County in capital financing and becomes a part of a positive cycle. A stronger reserve and reserve fund position contributes to a stronger credit position, which in turn allows the County to issue long term debt at a lower cost. The lower cost contributes to a lower debt burden per capita. In addition, and perhaps more importantly, stronger reserve balances also mean that there will be less reliance on long-term debt funding for future projects, further reducing our debt burden.

Awards and Acknowledgements

For the twelfth year in a row, the County received the GFOA Award for Distinguished Budget Presentation for its annual appropriated budget dated October 1, 2005. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. Every year the County submits its budget document to the GFOA to determine its continued eligibility for the Distinguished Budget Presentation Award.

The preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Department of Management and Budget. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to express our appreciation to the County Executive, and his staff, for their leadership and continued support of the policies of this Department.

Respectively submitted,


Carla E. Sledge
Chief Financial Officer


Dinah Tolbert
Director of Accounting

PRINCIPAL COUNTY OFFICIALS

COUNTY EXECUTIVE

Robert A. Ficano

DEPUTY COUNTY EXECUTIVE

Azzam E. Elder

CHIEF OPERATING OFFICER

Bella I. Marshall

CHIEF FINANCIAL OFFICER

Carla E. Sledge, CPA, CGFM

CHIEF OF STAFF

Nancy E. Mouradian

DEPARTMENT HEADS

Children & Family Services

Sue Hamilton-Smith

Management & Budget

Carla E. Sledge, CPA, CGFM

Corporation Counsel

Judge Edward M. Thomas

Personnel/Human Resources

Timothy R. Taylor

Environment

Kurt L. Heise

Public Services

James Jackson

Health & Human Services

Edith Killins

Senior Citizens & Veterans Affairs

Kevin F. Kelley

Homeland Security/Emergency Management

James P. Buford

Technology

Larry L. Simmons, Sr.

Economic and Neighborhood Development

Dr. Mulugetta Birru

OTHER ELECTED OFFICIALS

Circuit Court

Chief Judge Mary Beth Kelley

Register of Deeds

Bernard J. Youngblood

County Clerk

Cathy M. Garrett

Sheriff

Warren C. Evans

Probate Court

Chief Judge Milton L. Mack, Jr.

Treasurer

Raymond J. Wojtowicz

Prosecuting Attorney

Kym L. Worthy

WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM

Director

Ronald C. Yee

WAYNE COUNTY COMMISSION

Jewel C. Ware
Chairwoman
4th District

John J. Sullivan
Vice Chair
11th District

Edward A. Boike, Jr.
Vice Chair Pro Tempore
15th District

Christopher F. Cavanagh
1st District

Bernard Parker
2nd District

Moe Blackwell
3rd District

Ilona Varga
5th District

Keith D. Williams
6th District

Kwame Kenyatta
7th District

Alisha R. Bell
8th District

Philip M. Cavanagh
9th District

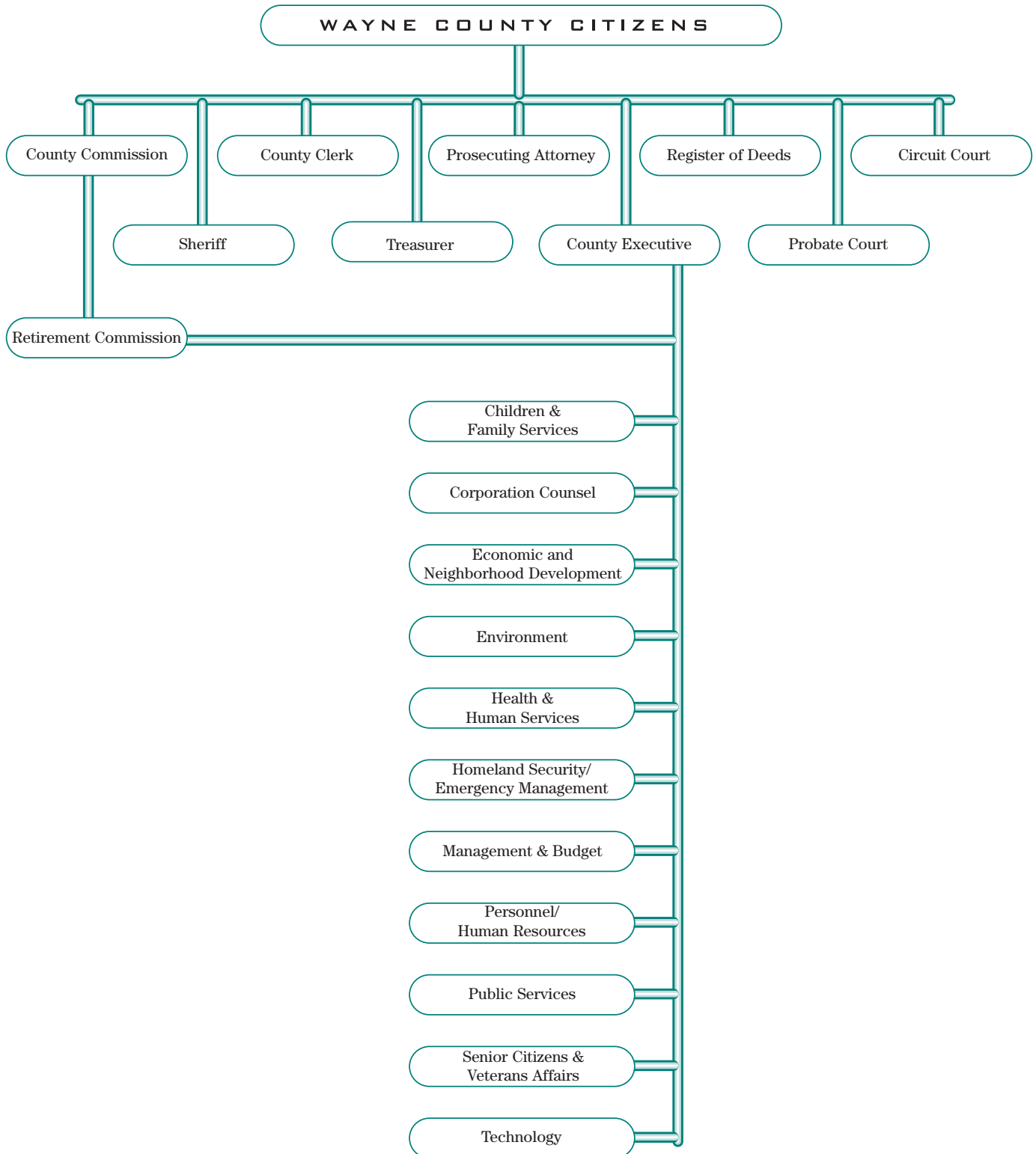
Laura Cox
10th District

Kay Beard
12th District

Gary Woronchak
13th District

Joseph Palamara
14th District

ORGANIZATIONAL CHART



FINANCIAL

The financial section contains:

Independent Auditors' Report

Management's Discussion and Analysis (MD&A)

Basic Financial Statements

Notes to the Basic Financial Statements

*Required Supplementary Information
(other than MD&A)*

*Other Supplementary Information – Combining
and Individual Fund Statements/Schedules*

FINANCIAL



KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

Independent Auditors' Report

The County Executive and County Commissioners
Charter County of Wayne, Michigan:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan (the County) as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 6.14% and 33.61%, respectively, of the assets and revenues of the governmental activities. We also did not audit the financial statements of the Detroit-Wayne County Stadium Authority, which represents 16.98% and 1.34%; the Wayne County-Detroit Community Development Entity, Inc., which represents 0.02% and 0.14%; the Greater Wayne County Economic Development Corporation, which represents 0.003% and 0.05%; the Metropolitan Growth and Development Corporation, which represents 0.03% and 0.05%; and Health Choice of Michigan, which represent 0.07% and 1.86%, respectively, of the assets and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the Pension Trust Funds, which represent 76.01% and 33.11%, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, the Detroit-Wayne County Stadium Authority, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, Health Choice of Michigan, and the Pension Trust Funds, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major



fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan as of September 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 27, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages II-3 through II-16, the budgetary comparison information on pages II-113 through II-117, the Schedule of Funding Progress and Summary of Actuarial Methods and Assumptions on page II-118, and the Note to the Required Supplementary Information on page II-119 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Detroit, Michigan
October 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

CHARTER COUNTY OF WAYNE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

As management of the Charter County of Wayne, Michigan (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages I-1 to I-7 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year, September 30, 2005, by \$1.7 billion (net assets). Of this amount, \$258.5 million, (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$27.9 million (a 1.7 percent increase) for the fiscal year ended September 30, 2005. Net assets of governmental activities increased by \$44.1 million (3.7 percent increase), while net assets of the business-type activities decreased by \$16.2 million (3.3 percent decrease). Net assets for governmental activities increased primarily as a result of a \$85.6 million increase in property tax revenue and a \$41 million reduction in state revenue due to Public Act 357 and the temporary cessation of state revenue sharing payments. Refer to page II-13 for further discussion. The decrease in business-type activities, \$16.1 million, was primarily due to the four sewage disposal systems incurring rising expenses, while revenues from charges for services and collections from communities remained relatively flat in comparison to the prior year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$159 million for the fiscal year ended September 30, 2005, an increase of \$39.7 million in comparison to the prior year. Approximately 39 percent of this amount, \$61.9 million *is available for spending* at the government's discretion (*unreserved fund balance*), while \$37.7 million is *designated* for contingencies related to the mental health fund.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund amounted to \$18.1 million, or 4.0 percent of total general fund expenditures.
- The County's total long-term debt obligations decreased by \$17.6 million (4.0 percent) during the year. This decrease primarily represents the net difference between new issuances, delinquent tax notes, \$141.4 million, and payments on outstanding debt, \$154.4 million, as well as a reduction of \$5 million for claims, litigation and assessments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information including budgetary schedules and combining financial statements in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* provide a broad view of the County's operations in a manner similar to a private-sector business.

The *statement of net assets* presents all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include the legislative, judicial, general government, public safety, public works, highways, streets and bridges, health and welfare, recreation and cultural and non-departmental operations. The business-type activities of the County include the operations of the sewage disposal systems, jail commissary, parking lots and the Wetlands Mitigation Project.

The government-wide financial statements include not only the County itself (known as the primary government), but also thirteen legally separate organizations for which the County has financial accountability or other financial interest. These entities operate as governmental entities similar to the governmental activities described above except for the Wayne County Airport Authority, which operates like the business-type activities. The County's discretely presented component units are presented in two categories, major and non-major. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units. The two discretely presented major component units are the Wayne County Airport Authority and Third Circuit Court.

There are eleven discretely presented non-major component units that are combined into a single column for reporting in the fund financial statements. These non-major component units include:

- Wayne County Stadium Authority
- Chapter 8 Drainage District
- Chapter 20 Drainage District
- Chapter 21 Drainage District
- Probate Court
- Economic Development Corporation
- Wayne County-Detroit CDE, Inc.
- Greater Wayne County Economic Development Corporation
- Metropolitan Growth and Development Corporation

Brownfield Redevelopment Authority
HealthChoice of Michigan

Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages II-18 to II-21 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 33 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Roads, Mental Health, Health, and Juvenile Justice and Abuse/Neglect, all of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages II-22 to II-27 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements, with the exception of the Delinquent Tax Revolving Fund, which is reported as a governmental activity in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Delinquent Tax Revolving Fund, the Downriver Sewage Disposal System, the Rouge Valley Sewage Disposal System, the Combined Sewer Overflow (CSO) Basins, and the Northeast Sewage Disposal System, as well as the operations for several other self sustaining activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central services, Department of Environment administrative costs, risk management services (insurance), health

insurance, long-term disability, equipment lease financing, and building and grounds maintenance. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included as *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the operations of the County's eight enterprise funds, four of which are considered to be major funds of the County. Major funds include the operations of the Delinquent Tax Revolving Fund, the Downriver Sewage Disposal System, the Rouge Valley Sewage Disposal System and the CSO Basins. Data from the four non-major enterprise funds are combined into a single aggregated presentation.

The proprietary fund basic financial statements can be found on pages II-28 to II-31.

Individual fund data for the internal service funds is provided in the form of combining statements can be found on pages II-173 to II-178

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages II-32 to II-33 and pages II-179 to II-185 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages II-38 to II-122 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules. Required supplementary information can be found on pages II-123 to II-129 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information, and begin on page II-130.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$1.7 billion at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (78.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Charter County of Wayne, Michigan
Net Assets - Primary Government
As of September 30 (in thousands)

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2005	2004	2005	2004	2005	2004
Current assets	\$ 500,722	\$ 476,566	\$ 83,324	\$ 87,967	\$ 584,046	\$ 564,533
Capital assets	1,285,849	1,327,938	437,135	455,259	1,722,984	1,783,197
Other non-current assets	31,010	31,311	206,190	221,202	237,200	252,513
Total assets	1,817,581	1,835,815	726,649	764,428	2,544,230	2,600,243
Current liabilities	190,955	284,124	46,705	52,615	237,660	336,739
Non-current liabilities	396,032	365,163	210,599	226,316	606,631	591,479
Total liabilities	586,987	649,287	257,304	278,931	844,291	928,218
Net assets:						
Invested in capital assets, net of related debt	1,120,350	1,197,506	214,852	213,588	1,335,202	1,411,094
Restricted	78,499	89,283	27,757	8,860	106,256	98,143
Unrestricted	31,745	(100,261)	226,736	263,049	258,481	162,788
Total net assets	\$ 1,230,594	\$ 1,186,528	\$ 469,345	\$ 485,497	\$ 1,699,939	\$ 1,672,025

An additional portion of the County's net assets (\$106.3 million, 6.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$258.5 million, 15.3 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

There was a decrease of \$10.8 million in restricted net assets reported in connection with the County's governmental activities. Almost 73 percent of this decrease (\$7.9 million) resulted from a reduction in funding for federal transportation grants. Additionally, the remaining decrease resulted primarily from the completion of several capital improvement projects in the Parks fund.

The County's net assets increased by \$27.9 million during the current fiscal year. This increase relates to a \$85 million increase in property tax revenue, due to Public Act 357 of 2004, offset by an approximate \$41 million decrease in state revenue due to the temporary cessation of state revenue sharing payments. See further discussion on page II-13.

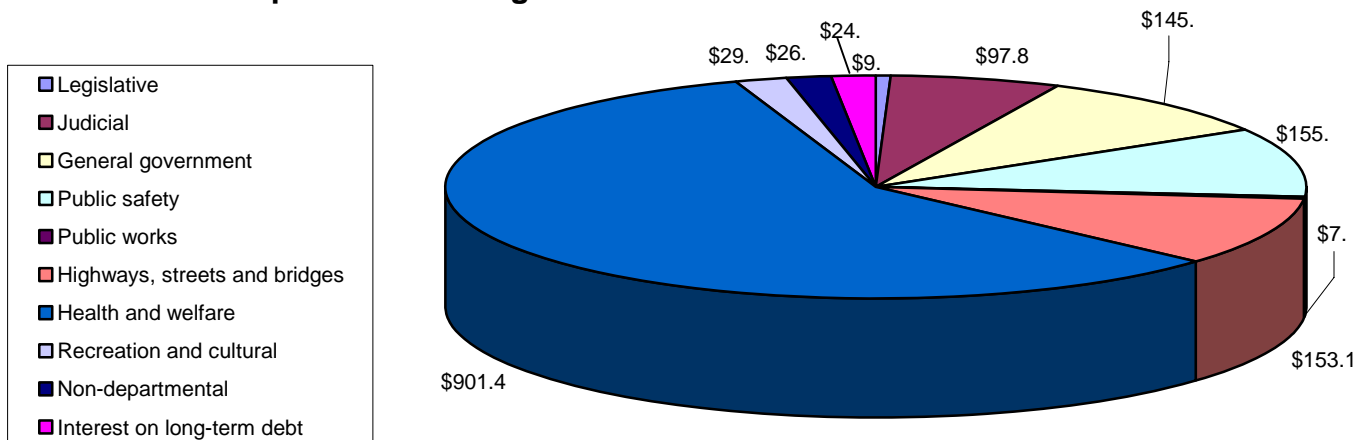
Governmental activities. Governmental activities increased the County's net assets by \$44.1 million, which accounts for the increase in net assets as business-type activities experienced a reduction in net assets. Key elements of this increase are as follows:

Charter County of Wayne, Michigan
Change in Net Assets - Primary Government
For the Year Ended September 30 (in thousands)

	Governmental Activities		Business-type Activities		Totals Primary Government	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 185,551	\$ 159,294	\$ 69,489	\$ 69,563	\$ 255,040	\$ 228,857
Operating grants and contributions	872,743	866,483	7,121	9,287	879,864	875,770
Capital grants and contributions	10,281	18,963	335	1,508	10,616	20,471
General revenues:						
Property taxes and airport parking taxes	475,637	389,710	-	-	475,637	389,710
Investment earnings	29,597	21,817	1,156	102	30,753	21,919
Intergovernmental	-	31,687	-	-	-	31,687
Other revenue and amortization of bond issuance costs	20,845	28,319	175	-	21,020	28,319
Transfers in (out)	-	(45)	-	45	-	-
Total revenues and transfers	<u>1,594,654</u>	<u>1,516,228</u>	<u>78,276</u>	<u>80,505</u>	<u>1,672,930</u>	<u>1,596,733</u>
Expenses:						
Legislative	9,189	10,177	-	-	9,189	10,177
Judicial	97,825	96,132	-	-	97,825	96,132
General government	145,810	153,568	-	-	136,582	153,568
Public safety	155,603	155,073	-	-	155,603	155,073
Public works	7,214	1,405	-	-	16,442	1,405
Highways, streets and bridges	153,093	155,502	-	-	153,093	155,502
Health and welfare	901,420	898,802	-	-	901,420	898,802
Recreation and cultural	29,385	21,382	-	-	29,385	21,382
Non-departmental	26,348	68,457	-	-	26,348	68,457
Interest on long-term debt	24,701	21,852	-	-	24,701	21,852
Sewage Disposal Systems	-	-	93,032	94,529	93,032	94,529
Jail Commissary	-	-	1,187	1,617	1,187	1,617
Parking Lots	-	-	204	219	204	219
Wetlands Mitigation	-	-	5	3	5	3
Total expenses	<u>1,550,588</u>	<u>1,582,350</u>	<u>94,428</u>	<u>96,368</u>	<u>1,645,016</u>	<u>1,678,718</u>
Change in net assets	44,066	(66,122)	(16,152)	(15,863)	27,914	(81,985)
Net assets at October 1	<u>1,186,528</u>	<u>1,252,650</u>	<u>485,497</u>	<u>501,360</u>	<u>1,672,025</u>	<u>1,754,011</u>
Net assets at September 30	<u>\$ 1,230,594</u>	<u>\$ 1,186,528</u>	<u>\$ 469,345</u>	<u>\$ 485,497</u>	<u>\$ 1,699,939</u>	<u>\$ 1,672,026</u>

- *Charges for services* increased approximately \$26.6 million due mainly to a \$5.6 million increase in forfeitures in the Sheriff's Drug enforcement program, a \$3.4 million increase in SEMHA and Disproportionate Share Hospital revenue and a \$3.9 million increase due to a prior year reduction in miscellaneous revenue.
- *Operating grants and contributions* increased by \$6.3 million over the prior year, primarily due to increased grants funding from the Department of Homeland Security.
- *Capital grants and contributions* for highways, streets and bridges decreased by \$8.7 million; over the prior year, due to timing of completion of road construction projects.
- *Property taxes* increased by \$83.0 million over the prior year. \$85.4 million of the increase was due to 1/3rd of the December 2005 general operating millage being levied in July of 2005, as required by Public Act 357 of 2004. An additional \$8.3 million reflected the continued growth and stability in home values for the region as well as home sales and new home construction. These increases were offset by a decrease of \$10.7 million in certified inventory loss due to the temporary cessation of state revenue sharing. Airport parking tax revenue also increased by \$2.9 million over the prior year.
- *Investment earnings* include interest and rental revenues on County properties. Investment earnings totaled \$29.6 million, an increase of \$7.8 million over the prior year, primarily due to increased market rates of interest on investments.
- *Inter-governmental revenues* decreased by \$31.6 million over the prior year, as a result of temporary cessation of state funding for revenue sharing.

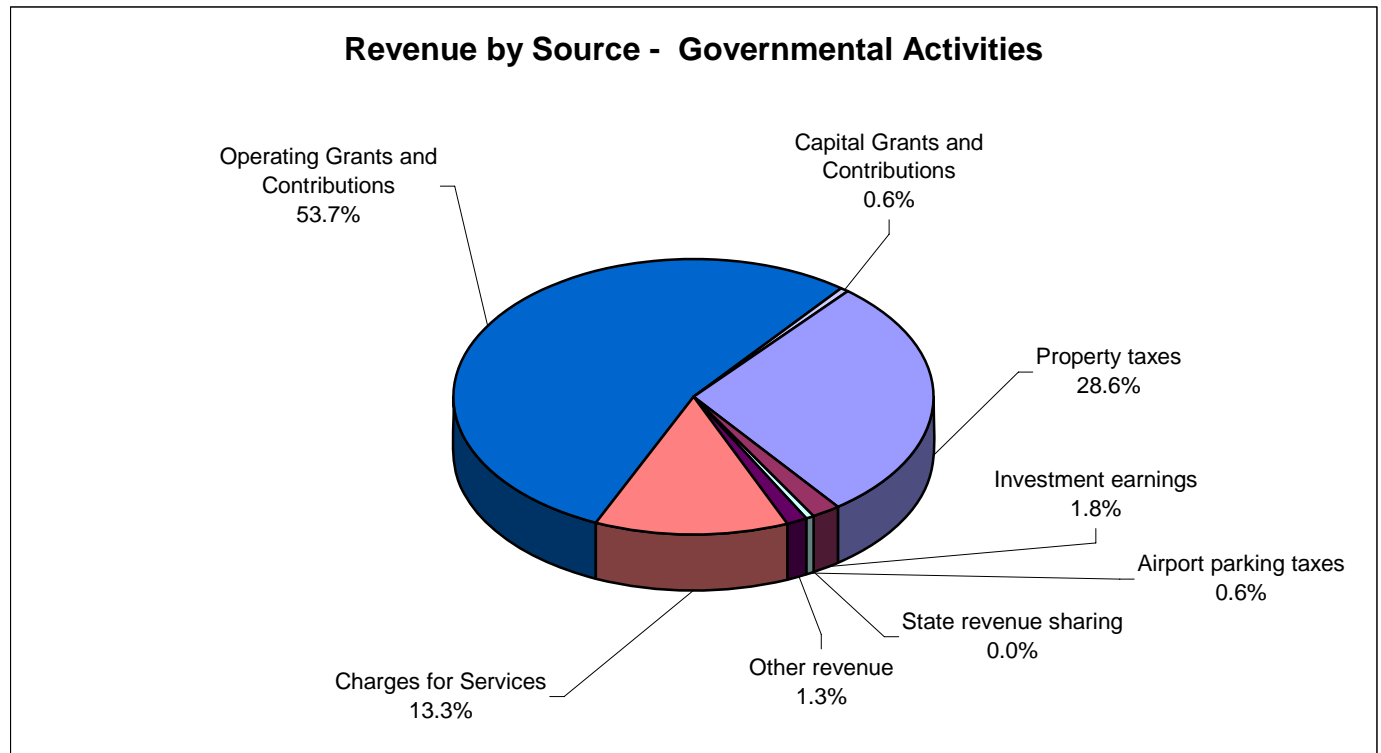
Expenses and Program Revenues - Governmental Activities



- Expenses for the *legislative, judicial, general government, public safety, public works, highways streets and bridges and health and welfare* functions of the County remained relatively flat and increased by a total of 0.03 percent over the prior year, a rate less than the consumer price index. There was, however, a reclassification of certain expense from general government to public works, which caused a \$5.8 million increase in public works expenses and a \$5.8 million decrease in general government expense.
- *Recreation and cultural* expenses include all activities related to the County parks fund and the stadium and land development funds, non-major funds. Expenses increased by \$8 million

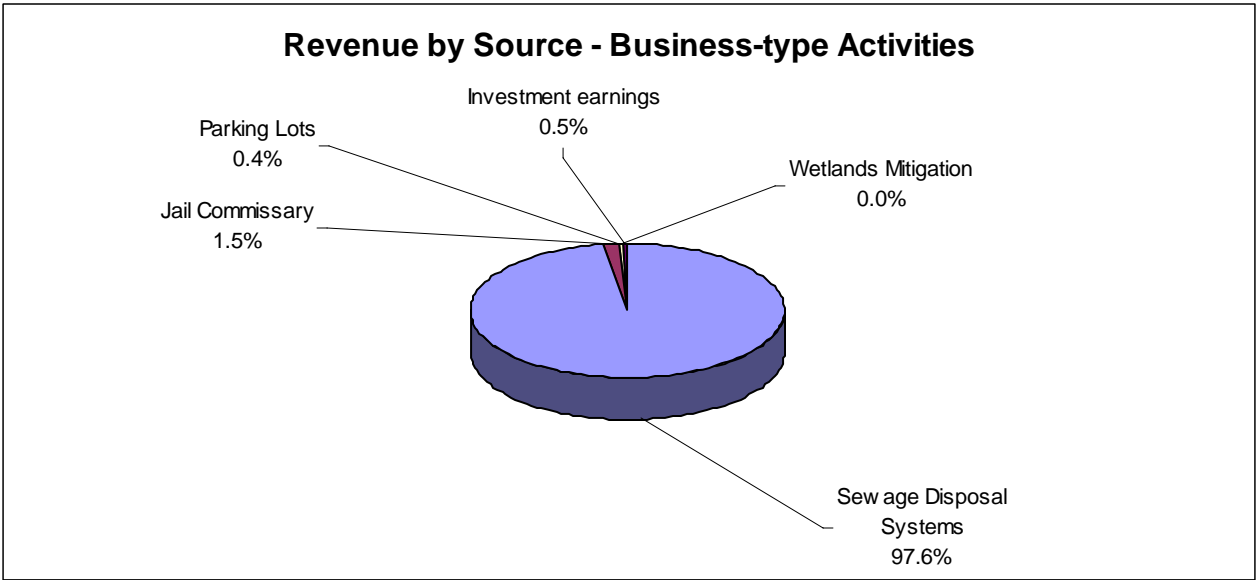
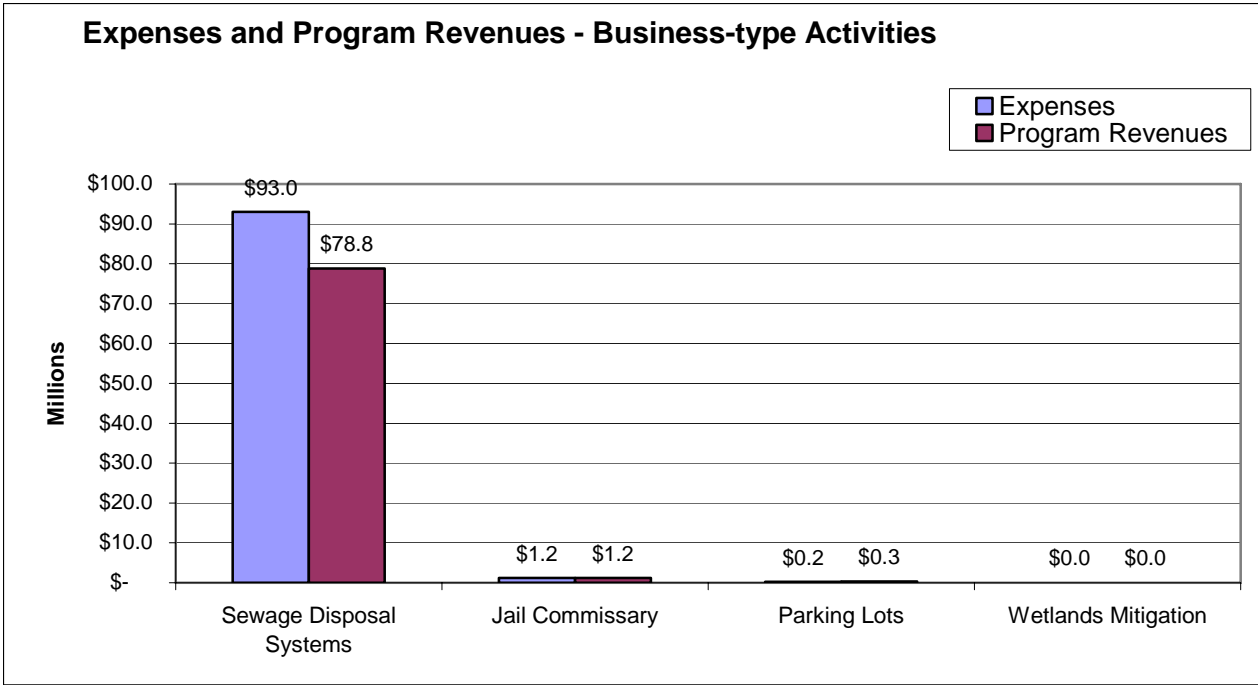
compared to the prior year. Approximately 68 percent of the increased costs related to contractual services for the Tourist Lodge, Campus Martius Park, Northpoint Coastal Restoration and Elizabeth Park Marina.

- *Non-departmental* expenses decreased \$42 million over the prior year, a 61.5 percent decrease. This decrease was due primarily to the recording in the prior year of a \$47.8 million long-term obligation due to the State of Michigan.



Business-type activities. The business-type activities reduced the County's net assets by \$16.1 million for the year, compared to a reduction of \$15.9 million in the prior year. This reduction resulted primarily from net operating losses incurred by each of the sewage disposal systems, as follows:

- *Downriver, (\$10.8) million.* The *Downriver* system was able to slightly reduce its operating losses by \$.6 million over the prior year as a result of increasing revenues by \$.3 million, while cutting operating costs by \$.3 million
- *CSO Basins, (\$2.8) million.* The *CSO Basins'* net loss was consistent with prior year. While the Basins experienced a slight increase in operating revenues, the increased revenues were off-set by an increase in contractual services expenses.
- *Rouge Valley, (\$1.3) million.* The *Rouge Valley* system reduced operating losses by \$.9 million compared to the prior year by reducing contractual services expense by \$1.0 million.
- *Northeast, (\$1.3) million.* The *Northeast* system experienced decreases in both charges for services revenue and contractual services expense of \$.8 million, causing the net loss to remain consistent with prior year.



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$159.0 million, an increase of \$39.7 million in comparison with the prior year. Approximately 38.9 percent of this total amount (\$61.9 million) constitutes unreserved, undesignated fund balance, which is available for spending at the County's discretion. Approximately 23.7 percent of this total amount (\$37.7 million) is designated for mental health services. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate inventory purchased in prior periods (\$10.5 million), 2) to pay debt service (\$32.7) million, 3) to pay for the capital projects, (\$9.3 million, 4) to pay for inpatient hospitalization claims incurred but not reported in the prior period (\$2.1 million) and 5) for prepayments and deposits (\$4.9 million).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$18.1 million, while total fund balance amounted to \$23.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 4.0 percent of total general fund expenditures, while total fund balance represents 5.3 percent.

The fund balance of the General Fund increased by a net \$4.5 million during the current fiscal year. Key factors in this net increase are as follows:

- Increase in property tax revenue of \$64.9 million due to the July 1 levy
- A reduction in Register of Deeds wages and other costs totaling \$3 million
- A reduction in payments in lieu-of-taxes to local municipalities of \$1.4 million
- An excess of revenues over expenditures of \$2.1 million for the County's inpatient hospitalization program.

The increases noted above were offset by the following reductions:

- Decrease in state revenue sharing payments of \$43 million for 2005 and \$12 million for 2004
- Increased funding to the Third Circuit Court of \$3.1 million
- Increase in personnel related expenditures at the County Jail of \$2.0 million
- Prisoner medical expenditures of \$2.1million in excess of anticipated costs.
- Inpatient hospitalization costs of \$3 million

The Roads' fund balance decreased by a net \$7.8 million. This shortfall resulted primarily from the completion of grant funded construction projects, for which the revenue was received in prior years.

The Mental Health fund balance increased by a net \$33.3 million as a result of the following:

- Unallocated contingency funding in the mental health reserves, \$20 million
- Increase in Adult Benefit Waiver dollars of \$18 million

Proprietary funds. The County's proprietary funds provide the same type of information found in the business type activities of the government-wide financial statements, but in more detail.

Unrestricted net assets for the three major sewage disposal systems at the end of the year amounted to the following:

- *Downriver*, \$171.8 million, net assets for the Downriver system decreased by \$20.1 million over the prior year;

- *Rouge Valley*, \$18.0 million, net assets for the Rouge Valley system decreased by \$5.5 million over the prior year;
- *CSO Basins*, \$34.8 million, net assets for the CSO Basins decreased by \$4.5 million over the prior year;

Unrestricted net assets for the Delinquent Tax Revolving Fund amounted to \$40.5 million and decreased by \$9.3 million during the current year. Overall, net assets decreased by \$7.8 million as a result of transferring unrestricted net assets to the General Fund of \$21.0 million and an increase in liabilities for claims and litigation of \$10.1 million, which offset earnings of approximately \$32.0 million.

Other factors concerning the operations of the three major sewage funds have already been addressed in the discussion of the County's business-type activities.

Revenue Sharing

Public Act 357 of 2004 gradually shifts the County's annual general property tax levy from a December 1 levy date to a July 1 levy date, over a three-year period. The proportion of the levy moving from December to July increases each year so that by July 2007, 100% of the annual tax will be levied. The purpose of this shift is to build a revenue sharing reserve fund equal to the December 2004 general property tax levy to replace annual state revenue-sharing payments. Revenue-sharing payments were suspended by the State as part of a budget reduction action in September 2004. In fiscal year 2005, an amount equal to one-third of the December 2004 general county property tax levy (\$81.2 million) was transferred into the Revenue Sharing Reserve Fund, a non major governmental fund, as required by law. Subsequently, \$71.8 million was transferred from the Revenue Sharing Reserve Fund to the General Fund to replace revenue shortfalls due to Public Act 357.

Property taxes totaling \$243.5 million will be transferred into the Revenue Sharing Reserve Fund over the next three years. It is anticipated that the Revenue Sharing Reserve Fund should be depleted in approximately 4.5 years (fiscal year 2009), with approximately \$50 million annually (plus an inflationary increase) being transferred to the General Fund. The State has committed to restoring revenue sharing payments once the Revenue Sharing Reserve Fund is depleted.

General Fund Budgetary Highlights

During the year there, was a net \$18.2 million increase in appropriations between the original and final amended budgets. Following are the primary components of those amendments:

- Increases in lawsuit settlements of \$4.3 million;
- Increases in Public Safety expenditures, \$6.2 million, including Homeland Security, \$4.4, and Sheriff's operations, \$4.4; these increases were offset by an expenditure decrease in Children and Family Services, \$2.4 million.
- Increase in Corporation Counsel expenditures, \$1.8 million;
- Increases in transfers-out to other funds, \$5.0 million, including \$2.6 million to Juvenile Justice/Abuse and Neglect; and, \$1.0 million to the General Debt Service Fund;

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounted to \$1.7 billion, net of accumulated depreciation of \$1.35 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. The total decrease in the County's gross investment in capital assets for the current fiscal year was 3.4 percent (a 3.2 percent decrease for governmental activities and a 4.0 percent decrease for business-type activities).

Major capital asset additions for governmental activities, \$23.2 million, during the current fiscal year included the following:

- Numerous road construction projects, including widening and expansion projects for existing roads and bridges; construction work in progress as of the end of the current fiscal year amounted to \$12.5 million;
- Acquisition of 13 heavy duty dump trucks and various other vehicles purchased for roads related projects totaled \$4.3 million;
- Renovation of the Wayne County Building tower and roof, \$1.8 million.

Major acquisitions for business-type activities, \$1.4 million, included various building and system additions and landscaping improvements for the Wyandotte Wastewater Plant (\$.7 million) and various system improvements for the Rouge Valley Sewage Disposal System (\$.7 million). Construction in progress as of the close of the fiscal year was \$1.6 million and \$.7 million for the Wyandotte Plant and Rouge Valley System, respectively.

Charter County of Wayne, Michigan Capital Assets, Net - Government-wide Financial Statements As of September 30 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land and improvements	\$ 555,328	\$ 554,735	\$ 5,321	\$ 5,322	\$ 560,649	\$ 560,057
Buildings and improvements	149,939	161,057	73,864	78,068	223,803	239,125
Machinery, equipment and vehicles	21,970	24,465	495	326	22,465	24,791
Infrastructure	530,698	560,997	355,047	370,522	885,745	931,519
Construction in progress	27,914	26,683	2,408	1,021	30,322	27,704
Total	<u>\$ 1,285,849</u>	<u>\$ 1,327,937</u>	<u>\$ 437,135</u>	<u>455,259</u>	<u>\$ 1,722,984</u>	<u>1,783,879</u>

Additional information on the County's capital assets can be found in Note 8 on pages II-68 thru II-76 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$537.3 million. Of this amount, \$387.3 million comprised debt backed by the full faith and credit of the County. The remainder of the County's debt, \$150.0 million represented bonds secured solely by specified revenue sources (i.e., revenue bonds).

The County's total bonded debt decreased by a net \$26.6 million (4.9 percent) during the current fiscal year. Debt for governmental activities decreased by \$11.1 million, due to the repayment of limited tax (general obligation notes) amounting to \$19.0 million. Delinquent tax notes, \$141.4 million, were issued to finance the purchase of delinquent taxes receivable. Repayment of prior year delinquent tax notes and other bond obligations totaled \$133.5 million. Debt for business-type activities decreased by \$15.3 million as a result of net debt payments.

**Outstanding Bonded Debt as of September 30
(in Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds						
(backed by the County):	\$ 171,024	\$ 190,023	\$ 223,722	\$ 238,787	\$ 394,746	\$ 428,810
Deferred loss on refunding	(2,522)	(2,709)	(1,881)	(2,068)	(4,403)	(4,777)
Bond discount	(2,997)	(3,460)	-	-	(2,997)	(3,460)
Total general obligation bonds, net of bond discount and loss on refunding	<u>165,505</u>	<u>183,854</u>	<u>221,841</u>	<u>236,719</u>	<u>387,346</u>	<u>420,573</u>
Revenue bonds and notes						
(backed by specific tax and fee revenues)	145,407	138,294	4,640	5,095	150,047	143,389
Deferred loss on refunding	-	-	(129)	(143)	(129)	(143)
Total revenue bonds, net of loss on refunding	<u>145,407</u>	<u>138,294</u>	<u>4,511</u>	<u>4,952</u>	<u>149,918</u>	<u>143,246</u>
Total bonds and notes payable, net of bond discounts and loss on refundings	<u>\$ 310,912</u>	<u>\$ 322,148</u>	<u>\$ 226,352</u>	<u>\$ 241,671</u>	<u>\$ 537,264</u>	<u>\$ 563,819</u>

The County maintains an "A" rating from Standard & Poor's and a "A3" rating from Moody's Investors Service for uninsured debt issues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is approximately \$5.7 billion, which is significantly in excess of the County's outstanding general obligation debt, \$387.3 million.

Additional information on the County's long-term debt can be found in Note 11 on pages II-85 thru II-112 of this report.

Economic Factors and Next Year's Budgets and Rates

- The County's 2004 Equalization Report indicates that the total State Equalized Valuation for the County rose to \$62.7 billion, an increase of 4.2 percent over the prior year. Additionally, the total taxable valuation of the County, which serves as the basis for current and future tax levies, amounted to \$48.3 billion, an increase of 5.2 percent over the previous year.
- The County projects balanced operations for the General Fund for the next fiscal year.
- The average annual unemployment rate for the County according to the Michigan Department of Labor and Economic Growth at August 2006 increased to 8.5 percent, compared to the prior year rate of 7.8 percent, as of September 2005.

The consumer price index showed modest increases of 3.3 percent as of August 2006, as measured by the growth rate of the Detroit CPI, increasing from 2.8 percent from the previous 12 months, according to the US Department of Labor, Bureau of Labor Statistics.

Requests for Information

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Charter County of Wayne, Michigan, Department of Management and Budget, Accounting Division, 600 Randolph Street, Detroit, Michigan 48226.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
As of September 30, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<u>Assets</u>				
Current assets:				
Equity in pooled cash and investments (Note 4)	\$ 156,609,737	19,478,050	\$ 176,087,787	\$ 12,994,356
Other cash and investments (Note 4)	256,263	41,000	297,263	95,373,815
Due from fiduciary funds (Note 10)	36,915	-	36,915	-
Due from component units (Note 10)	53,274,049	38,691	53,312,740	-
Due from primary government (Note 10)	-	-	-	513,398
Internal balances	231,029	(231,029)	-	-
Receivables:				
Property taxes	20,647,180	-	20,647,180	-
Delinquent property taxes	146,059,331	-	146,059,331	-
Accounts	57,197,087	2,362,201	59,559,288	20,236,325
Special assessments	-	-	-	21,625,253
Due from other governmental units (Note 10)	93,142,392	14,628,425	107,770,817	38,911,141
Less allowance for uncollectible accounts	(42,741,608)	(94,377)	(42,835,985)	(2,112,612)
Supplies inventory	10,721,842	50,561	10,772,403	-
Prepayments and deposits	5,287,366	-	5,287,366	34,779
Restricted assets:				
Equity in pooled cash and investments (Notes 4 and 5)	-	32,365,319	32,365,319	258,126
Other cash and investments (Notes 4 and 5)	-	1,511,152	1,511,152	731,263,986
Accounts receivable (Notes 4 and 5)	-	13,174,206	13,174,206	12,007,471
Total current assets	500,721,583	83,324,199	584,045,782	931,106,038
Non-current assets:				
Restricted assets:				
Other cash and investments (Notes 4 and 5)	-	-	-	189,667,441
Bond principal due from municipalities (Notes 4 and 5)	-	205,794,747	205,794,747	-
Capital assets (Note 8)				
Non-depreciable	578,993,935	7,716,994	586,710,929	408,930,406
Depreciable, net	706,855,476	429,417,843	1,136,273,319	2,410,039,830
Bond issuance costs, net of amortization	2,511,202	-	2,511,202	35,578,919
Long-term receivables (Note 7)	28,498,847	-	28,498,847	1,098,026
Other assets	-	395,483	395,483	2,161,936
Total non-current assets	1,316,859,460	643,325,067	1,960,184,527	3,047,476,558
Total assets	\$ 1,817,581,043	726,649,266	\$ 2,544,230,309	\$ 3,978,582,596

See accompanying notes to the basic financial statements.

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets, Continued
As of September 30, 2005

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<u>Liabilities</u>				
Current liabilities:				
Accounts and contracts payable	\$ 68,407,869	11,057,527	\$ 79,465,396	\$ 31,909,971
Accrued wages and benefits	4,515,404	48,855	4,564,259	2,933,170
Due to fiduciary funds (Note 10)	331,573	4,502	336,075	72,991
Due to component units (Note 10)	513,398	-	513,398	-
Due to primary government (Note 10)	-	-	-	53,312,740
Due to other governmental units (Note 10)	23,486,066	37,277	23,523,343	2,944,441
Current portion of long-term obligations (Note 11)	49,158,300	442,554	49,600,854	5,557,689
Accrued interest	10,480,065	-	10,480,065	-
Other liabilities	33,035,646	67,855	33,103,501	30,346,023
Unearned revenue	1,026,903	-	1,026,903	2,821,561
Payable from restricted assets:				
Accounts payable	-	8,156,034	8,156,034	-
Current portion of long-term obligations (Note 11)	-	15,752,516	15,752,516	40,084,331
Accrued interest	-	1,594,209	1,594,209	35,513,867
Unearned revenue	-	386,085	386,085	4,529,773
Other restricted liabilities	-	9,157,410	9,157,410	-
Total current liabilities	190,955,224	46,704,824	237,660,048	210,026,557
Non-current liabilities:				
Non-current portion of long-term obligations (Note 11)	368,395,534	-	368,395,534	2,429,049,843
Other liabilities	27,636,123	-	27,636,123	-
Payable from restricted assets:				
Bonds payable from restricted assets (Note 11)	-	210,599,486	210,599,486	-
Total non-current liabilities	396,031,657	210,599,486	606,631,143	2,429,049,843
Total liabilities	586,986,881	257,304,310	844,291,191	2,639,076,400
<u>Net Assets</u>				
Invested in capital assets, net of related debt	1,120,349,764	215,294,234	1,335,643,998	854,288,995
Restricted net assets:				
Bond programs	32,671,735	27,756,939	60,428,674	259,814,271
Delinquent tax administration	25,627,727	-	25,627,727	-
Road construction	1,093,153	-	1,093,153	-
Capital projects	9,285,668	-	9,285,668	96,158,258
Capital improvements - parks	9,821,203	-	9,821,203	-
Drug enforcement	-	-	-	2,551,736
Airport operations	-	-	-	27,758,478
Unrestricted net assets	31,744,912	226,293,783	258,038,695	98,934,458
Total net assets	1,230,594,162	469,344,956	1,699,939,118	1,339,506,196
Total liabilities and net assets	\$ 1,817,581,043	726,649,266	\$ 2,544,230,309	\$ 3,978,582,596

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities
For the Year Ended September 30, 2005

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Functions/Programs					
Primary government:					
Governmental activities:					
Legislative	\$ 9,188,573	-	-	-	\$ (9,188,573)
Judicial	97,825,306	-	21,814,176	-	(76,011,130)
General government	145,810,861	110,026,444	7,051,762	-	(28,732,655)
Public safety	155,603,090	27,283,187	17,184,024	-	(111,135,879)
Public works	7,213,592	6,030,406	-	-	(1,183,186)
Highways, streets and bridges	153,092,909	6,440,722	99,150,080	10,280,664	(37,221,443)
Health and welfare	901,419,542	30,722,630	727,029,708	-	(143,667,204)
Recreation and cultural	29,385,031	3,681,338	513,498	-	(25,190,195)
Non-departmental	26,348,341	1,366,679	-	-	(24,981,662)
Interest on long-term debt	24,700,535	-	-	-	(24,700,535)
Total governmental activities	1,550,587,780	185,551,406	872,743,248	10,280,664	(482,012,462)
Business-type activities:					
Sewage Disposal Systems	93,032,938	68,001,057	7,121,073	334,776	(17,576,032)
Jail Commissary	1,187,155	1,313,955	-	-	126,800
Parking Lots	203,767	174,439	-	-	(29,328)
Wetlands Mitigation	4,714	-	-	-	(4,714)
Total business-type activities	94,428,574	69,489,451	7,121,073	334,776	(17,483,274)
Total primary government	\$ 1,645,016,354	255,040,857	879,864,321	10,615,440	\$ (499,495,736)
Component units:					
Airport Authority	\$ 399,474,093	322,082,692	15,673,226	39,938,986	\$ (21,779,189)
Circuit Court	122,322,604	6,058,175	117,843,925	-	1,579,496
Probate Court	11,846,116	934,004	11,042,899	-	130,787
Stadium Authority	37,759,784	6,580,447	-	-	(31,179,337)
Drainage Districts	10,748,062	5,874,676	880,035	-	(3,993,351)
Economic Development Corporation	209,901	-	-	-	(209,901)
Wayne County - Detroit CDE, Inc.	109,449	739,089	-	-	629,640
Greater Wayne County Economic Development Corp.	248,549	-	264,577	-	16,028
Metropolitan Growth and Development Corporation	172,753	247,376	-	-	74,623
Brownfield Authority	171,221	-	191,913	-	20,692
HealthChoice of Michigan	10,222,722	10,011,241	-	-	(211,481)
Total component units	\$ 593,285,254	352,527,700	145,896,575	39,938,986	\$ (54,921,993)

See accompanying notes to the basic financial statements.

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities, Continued
For the Year Ended September 30, 2005

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net expense from previous page	\$ (482,012,462)	(17,483,274)	\$ (499,495,736)	\$ (54,921,993)
General revenues:				
Taxes	465,466,446	-	465,466,446	-
Investment earnings	29,596,690	1,156,012	30,752,702	12,641,549
Airport parking taxes	10,170,273	-	10,170,273	-
Other revenue	20,845,002	175,000	21,020,002	1,110,504
Amortization of bond issuance costs	-	-	-	(2,105,484)
Total general revenues and transfers	526,078,411	1,331,012	527,409,423	11,646,569
Change in net assets	44,065,949	(16,152,262)	27,913,687	(43,275,424)
Net assets at October 1, 2004	1,186,528,213	485,497,218	1,672,025,431	1,382,781,620
Net assets at September 30, 2005	<u>\$ 1,230,594,162</u>	<u>469,344,956</u>	<u>\$ 1,699,939,118</u>	<u>\$ 1,339,506,196</u>

(Concluded)

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Balance Sheet
Governmental Funds
As of September 30, 2005

	General Fund	Roads	Mental Health
<u>Assets</u>			
Equity in pooled cash and investments (Note 4)	\$ 14,099,356	1,811,826	27,758,799
Other cash and investments (Note 4)	203,585	2,475	12,350
Due from other funds (Note 10)	79,381,606	-	72,182,633
Due from component units (Note 10)	47,778,327	948,734	-
Receivables:			
Current property taxes	20,647,180	-	-
Delinquent property taxes	18,230,192	-	-
Accounts	1,606,048	4,613,068	42,335,352
Due from other governmental units (Note 10)	19,440,285	29,511,440	7,104,574
Less allowance for uncollectible accounts	(895,835)	(3,734,431)	(37,870,035)
Supplies inventory, at cost	2,014,354	7,711,244	-
Prepayments and deposits	1,461,375	-	-
Total assets	<u>\$ 203,966,473</u>	<u>40,864,356</u>	<u>111,523,673</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts and contracts payable	\$ 21,917,276	5,766,988	13,629,814
Due to other funds (Note 10)	113,476,412	10,034,031	69,711
Due to component units (Note 10)	14,288	-	-
Due to other governmental units (Note 10)	6,998,083	10,510,870	5,911,806
Accrued wages and benefits	2,742,239	517,491	113,535
Deposits	-	11,954,868	-
Other liabilities	8,024,936	-	-
Deferred revenue	27,155,907	986,955	1,500,000
Total liabilities	<u>180,329,141</u>	<u>39,771,203</u>	<u>21,224,866</u>
Fund balances:			
Reserved for:			
Supplies inventory	2,014,354	7,711,244	-
Prepayments and deposits	1,461,375	-	-
Inpatient hospitalization	2,082,646	-	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
Unreserved, reported in :			
General Fund, undesignated	18,078,957	-	-
Special revenue funds, undesignated	-	(6,618,091)	41,496,724
Special revenue funds, designated for contingencies (Note 14)	-	-	48,802,083
Total fund balances	<u>23,637,332</u>	<u>1,093,153</u>	<u>90,298,807</u>
Total liabilities and fund balances	<u>\$ 203,966,473</u>	<u>40,864,356</u>	<u>111,523,673</u>

See accompanying notes to the basic financial statements.

Health	Juvenile Justice and Abuse/Neglect	Total Major Funds	Non-major Governmental Fund	Total Governmental Funds
989,234	2,494,686	47,153,901	67,743,585	\$ 114,897,486
1,170	350	219,930	31,408	251,338
-	-	151,564,239	14,308,384	165,872,623
-	-	48,727,061	4,227,652	52,954,713
-	-	20,647,180	-	20,647,180
-	-	18,230,192	-	18,230,192
128,905	-	48,683,373	3,662,669	52,346,042
4,562,507	22,916,125	83,534,931	9,604,898	93,139,829
-	-	(42,500,301)	(241,307)	(42,741,608)
545,952	194,508	10,466,058	40,304	10,506,362
1,000,000	2,460,964	4,922,339	-	4,922,339
<u>7,227,768</u>	<u>28,066,633</u>	<u>391,648,903</u>	<u>99,377,593</u>	<u>\$ 491,026,496</u>
1,436,676	11,623,704	54,374,458	7,864,041	\$ 62,238,499
3,494,050	37,604,434	164,678,638	21,541,955	186,220,593
-	-	14,288	499,110	513,398
65,307	-	23,486,066	-	23,486,066
133,854	167,138	3,674,257	302,465	3,976,722
-	-	11,954,868	-	11,954,868
156,191	-	8,181,127	859,293	9,040,420
1,941,690	56,490	31,641,042	2,897,680	34,538,722
<u>7,227,768</u>	<u>49,451,766</u>	<u>298,004,744</u>	<u>33,964,544</u>	<u>331,969,288</u>
545,952	194,508	10,466,058	40,304	10,506,362
1,000,000	2,460,964	4,922,339	-	4,922,339
-	-	2,082,646	-	2,082,646
-	-	-	32,671,735	32,671,735
-	-	-	9,285,668	9,285,668
-	-	-	-	-
-	-	18,078,957	-	18,078,957
(1,545,952)	(24,040,605)	9,292,076	23,415,342	32,707,418
-	-	48,802,083	-	48,802,083
<u>-</u>	<u>(21,385,133)</u>	<u>93,644,159</u>	<u>65,413,049</u>	<u>159,057,208</u>
<u>7,227,768</u>	<u>28,066,633</u>	<u>391,648,903</u>	<u>99,377,593</u>	<u>\$ 491,026,496</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
As of September 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances - total governmental funds		\$ 159,057,208
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	2,396,701,697	
Less accumulated depreciation	<u>(1,144,236,490)</u>	1,252,465,207
Internal service funds are used by management to charge the costs of certain activities, such as personnel, central services, information technology and insurance costs to individual funds. The assets and liabilities of certain internal service funds are recorded as governmental activities on the Statement of Net Assets.		23,192,832
Certain internal service fund balances relate to amounts due from governmental funds. These amounts and the related receivable or payable are eliminated in the Statement of Net Assets for governmental activities.		(44,713,125)
Liabilities in the governmental fund statements that are due to internal service funds are eliminated.		318,230
The assets and liabilities of the Delinquent Tax Revolving fund, an enterprise fund, are recorded as governmental activities on the Statement of Net Assets.		66,120,809
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the governmental funds.		33,511,819
Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund		
Bond costs	6,360,521	
Less accumulated amortization	<u>(3,849,319)</u>	2,511,202
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds		
Governmental long term debt payable	(174,865,962)	
Discount	2,997,048	
Deferred loss on refunding	2,521,720	
Accrued interest payable	(10,480,065)	
Compensated absences	(28,003,743)	
Claims, litigation and assessments	(5,478,564)	
Other long-term obligations	<u>(48,560,454)</u>	(261,870,020)
Net assets of governmental activities		<u><u>\$ 1,230,594,162</u></u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2005

	General Fund	Roads	Mental Health	Health
Revenues:				
Taxes	\$ 405,415,356	-	-	-
Licenses and permits	266,541	-	-	-
Federal grants	6,829,947	1,103,000	10,814,329	8,684,822
State grants and contracts	51,754,241	96,865,406	517,119,002	4,082,582
Local grants and contracts	1,321,237	4,549,448	172,101	6,727
Charges for services	80,690,698	6,440,722	935	19,077,010
Interest and rents	3,183,887	959,448	2,990,151	-
Other	17,559,006	12,775	-	2,725
Total revenues	567,020,913	109,930,799	531,096,518	31,853,866
Expenditures:				
Current operations:				
Legislative	11,024,055	-	-	-
Judicial	96,376,668	-	-	-
General government	92,324,942	-	-	-
Public safety	127,799,865	-	-	-
Public works	1,318,381	-	-	-
Highways, streets, and bridges	-	102,427,859	-	-
Health and welfare	91,212,911	-	502,562,858	40,271,423
Recreational and cultural	-	-	-	-
Non-departmental	26,348,344	-	-	-
Capital outlay	899,499	9,520,675	76,047	-
Debt service	-	-	-	-
Total expenditures	447,304,665	111,948,534	502,638,905	40,271,423
Excess (deficiency) of revenues over (under) expenditures	119,716,248	(2,017,735)	28,457,613	(8,417,557)
Other Financing Sources (Uses):				
Transfers in (Note 10)	98,773,922	-	17,733,700	8,749,190
Transfers out (Note 10)	(213,956,119)	(5,939,109)	(12,882,809)	-
Proceeds from sale of capital assets	3,254	115,694	-	269
Total other financing sources (uses):	(115,178,943)	(5,823,415)	4,850,891	8,749,459
Net change in fund balances	4,537,305	(7,841,150)	33,308,504	331,902
Fund balances at October 1, 2004	19,100,027	8,934,303	56,990,303	(331,902)
Fund balances at September 30, 2005	\$ 23,637,332	1,093,153	90,298,807	-

See accompanying notes to the basic financial statements.

Juvenile Justice and Abuse/Neglect	Total Major Funds	Non-major Governmental Funds	Total Governmental Funds
-	405,415,356	39,403,910	\$ 444,819,266
-	266,541	95,371	361,912
434,792	27,866,890	58,990,590	86,857,480
82,648,490	752,469,721	10,284,665	762,754,386
347,100	6,396,613	18,788,891	25,185,504
88,528	106,297,893	26,888,724	133,186,617
-	7,133,486	20,059,563	27,193,049
1,965	17,576,471	332,231	17,908,702
83,520,875	1,323,422,971	174,843,945	1,498,266,916
-	11,024,055	-	11,024,055
-	96,376,668	1,218,863	97,595,531
-	92,324,942	16,753,604	109,078,546
-	127,799,865	22,553,930	150,353,795
-	1,318,381	-	1,318,381
-	102,427,859	-	102,427,859
186,042,744	820,089,936	81,775,482	901,865,418
-	-	28,148,790	28,148,790
-	26,348,344	-	26,348,344
-	10,496,221	2,916,103	13,412,324
-	-	38,535,108	38,535,108
186,042,744	1,288,206,271	191,901,880	1,480,108,151
(102,521,869)	35,216,700	(17,057,935)	18,158,765
97,964,381	223,221,193	105,927,268	329,148,461
-	(232,778,037)	(75,370,424)	(308,148,461)
-	119,217	407,055	526,272
97,964,381	(9,437,627)	30,963,899	21,526,272
(4,557,488)	25,779,073	13,905,964	39,685,037
(16,827,645)	67,865,086	51,507,085	119,372,171
(21,385,133)	93,644,159	65,413,049	\$ 159,057,208

CHARTER COUNTY OF WAYNE, MICHIGAN
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$ 39,685,037
The change in net assets of the internal service funds is reported with governmental activities in the Statement of Activities.		(4,737,397)
The change in net assets of the Delinquent Tax Revolving fund, an enterprise fund, is reported with governmental activities in the Statement of Activities.		(7,752,879)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	13,412,324	
Less current year depreciation	<u>(61,627,907)</u>	(48,215,583)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the asset sold is removed from the capital assets in the statement of net assets and offset against the sale proceeds resulting in a gain on the sale in the statement of activities.		
Thus more revenue is reported in the governmental funds.		(68,602)
Repayment of bond principal and other debt is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets.		19,949,381
Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the funds.		21,960,832
Non-cash capital contributions in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		9,377,615
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds		
Change in accrued interest payable	(711,095)	
Increase in State of Michigan note payable due to accrued interest	(768,066)	
Change in accrued compensated absences	1,732,074	
Change in accrued claims, litigation and assessments	14,579,685	
Amortization of current year bond discounts	(462,782)	
Amortization of deferred loss on refunding	(186,794)	
Amortization of current year bond cost	<u>(315,477)</u>	<u>13,867,545</u>
Change in net assets of governmental activities		<u>\$ 44,065,949</u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
Proprietary Funds
As of September 30, 2005

	Enterprise Funds					Governmental Activities	
	Sewage Disposal Systems			Delinquent Tax	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
<u>Assets</u>							
Current assets:							
Equity in pooled cash and investments (Note 4)	\$ 2,558,639	14,454,818	326,362	21,637,701	2,138,231	\$ 41,115,751	\$ 20,074,550
Other cash and investments (Note 4)	1,000	-	-	-	40,000	41,000	4,925
Due from other funds (Note 10)	-	1,183,827	-	29,272,465	-	30,456,292	2,138,493
Due from component units (Note 10)	38,691	-	-	-	-	38,691	319,336
Receivables:							
Delinquent property taxes	-	-	-	127,829,139	-	127,829,139	-
Accounts	113,122	2,707	624,036	112,950	1,622,336	2,475,151	4,738,095
Due from other governmental units (Note 10)	4,327,910	6,284,960	1,106,817	-	2,908,738	14,628,425	2,563
Less allowance for uncollectible accounts	(9,026)	(85,351)	-	-	-	(94,377)	-
Supplies inventory, at cost	-	-	-	-	50,561	50,561	215,480
Prepayments and deposits	-	-	-	-	-	-	365,027
Restricted:							
Equity in pooled cash and investments (Notes 4 and 5)	21,741,188	4,407,508	4,591,119	-	1,625,504	32,365,319	-
Other cash and investments (Note 4)	-	1,511,152	-	-	-	1,511,152	-
Accounts receivable (Note 5)	9,157,410	150,497	3,866,299	-	-	13,174,206	-
Total current assets	37,928,934	27,910,118	10,514,633	178,852,255	8,385,370	263,591,310	27,858,469
Non-current assets:							
Restricted assets:							
Bond principal due from municipalities (Note 5)	165,408,113	3,000,000	32,875,235	-	4,511,399	205,794,747	-
Capital assets:							
Non-depreciable	4,009,637	2,118,171	-	-	1,589,186	7,716,994	219,860
Depreciable, net	270,312,390	88,474,047	65,119,368	22,624	5,512,038	429,440,467	33,141,720
Other assets:							
Bond issuance cost, net of amortization	334,745	-	60,738	-	-	395,483	-
Advances to other funds (Note 10)	-	-	-	39,330,468	-	39,330,468	-
Long-term receivables (Note 7)	-	-	-	-	-	-	73,211,972
Total non-current assets	440,064,885	93,592,218	98,055,341	39,353,092	11,612,623	682,678,159	106,573,552
Total assets	\$ 477,993,819	121,502,336	108,569,974	218,205,347	19,997,993	\$ 946,269,469	\$ 134,432,021

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets - Continued
Proprietary Funds
As of September 30, 2005

	Enterprise Funds					Governmental Activities	
	Sewage Disposal Systems			Delinquent Tax	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins	Revolving			
Liabilities and Net Assets							
Current liabilities:							
Accounts and contracts payable	\$ 825,441	6,831,911	110,434	363,238	3,289,741	\$ 11,420,765	\$ 5,806,132
Accrued wages and benefits	48,855	-	-	9,067	-	57,922	529,615
Due to other funds (Note 10)	38,703	-	196,828	30,127	1,183,827	1,449,485	11,096,490
Due to other governmental units (Note 10)	37,277	-	-	-	-	37,277	-
Current portion of long-term obligations (Note 11)	442,554	-	-	-	-	442,554	1,410,998
Other liabilities	67,855	-	-	172,106	-	239,961	12,186,482
Payable from restricted assets:							
Accounts payable	3,481,848	81,363	4,428,670	-	164,153	8,156,034	-
Current portion of long-term obligations (Note 11)	12,213,316	645,000	2,448,489	-	445,711	15,752,516	-
Deferred revenue	248,547	137,538	-	-	-	386,085	-
Other liabilities	10,751,619	-	-	-	-	10,751,619	-
Total current liabilities	28,156,015	7,695,812	7,184,421	574,538	5,083,432	48,694,218	31,029,717
Non-current liabilities:							
Payable from restricted assets:							
Bonds payable from restricted assets (Note 11)	172,138,826	2,355,000	32,039,972	-	4,065,688	210,599,486	-
Other liabilities (Note 11)	-	-	-	10,110,000	-	10,110,000	28,070,355
Advances from other funds (Note 10)	-	-	-	-	-	-	39,330,468
Notes payable (Note 11)	-	-	-	141,400,000	-	141,400,000	12,808,649
Total non-current liabilities	172,138,826	2,355,000	32,039,972	151,510,000	4,065,688	362,109,486	80,209,472
Total liabilities	200,294,841	10,050,812	39,224,393	152,084,538	9,149,120	410,803,704	111,239,189
Net assets:							
Invested in capital assets, net of related debt	89,969,885	87,592,218	30,630,907	22,624	7,101,224	215,316,858	19,306,933
Restricted net assets:							
Delinquent tax administration	-	-	-	25,627,727	-	25,627,727	-
Bond programs	16,416,584	5,850,256	4,028,748	-	1,461,351	27,756,939	-
Unrestricted	171,312,509	18,009,050	34,685,926	40,470,458	2,286,298	266,764,241	3,885,899
Total net assets	277,698,978	111,451,524	69,345,581	66,120,809	10,848,873	535,465,765	23,192,832
Total liabilities and net assets	\$ 477,993,819	121,502,336	108,569,974	218,205,347	19,997,993	946,269,469	\$ 134,432,021

**Reconciliation of Statement of Net Assets of
Proprietary Funds to Business-type activities**

Total net assets - enterprise funds	\$ 535,465,765
The Delinquent Tax Revolving Fund primarily serves the general government and therefore is reported as governmental activities in the Statement of Net Assets (Note 1).	(66,120,809)
Net assets of business-type activities	\$ 469,344,956

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2005

	Enterprise Funds					Governmental Activities	
	Sewage Disposal Systems			Delinquent Tax Revolving	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
Operating revenues:							
Sewage disposal charges	\$ 15,622,858	33,579,861	103,074	-	14,351,814	\$ 63,657,607	\$ -
Industrial surcharges	1,957,421	-	-	-	-	1,957,421	-
Other charges for services	464,121	28	1,921,880	2,760,253	1,488,394	6,634,676	225,142,807
Fines and forfeitures	-	-	-	29,304,409	-	29,304,409	-
Rentals and expense recoveries	-	-	-	-	-	-	2,944,039
Other revenue	175,000	-	-	-	-	175,000	13,908
Total operating revenues	18,219,400	33,579,889	2,024,954	32,064,662	15,840,208	101,729,113	228,100,754
Operating expenses:							
Personnel	4,100,698	-	-	683,107	-	4,783,805	27,661,521
Fringe benefits	1,395,672	-	-	244,083	-	1,639,755	11,487,343
Pension	412,458	-	-	61,290	-	473,748	2,944,799
Materials and supplies	1,593,477	31,334	74,631	309,559	561,959	2,570,960	1,405,078
Contractual services	6,619,505	33,301,899	1,222,806	16,764,657	15,379,973	73,288,840	26,781,794
Travel	117,368	-	-	4,911	-	122,279	432,969
Miscellaneous operating	2,477,016	77,813	191,049	168,466	290,008	3,204,352	152,611,737
Rentals	97,830	80,328	84,483	186,882	382,938	832,461	3,848,755
Other charges	-	-	-	350	71,741	72,091	339,912
Depreciation and amortization	12,879,335	1,931,661	3,523,929	2,988	385,478	18,723,391	3,706,077
Total operating expenses	29,693,359	35,423,035	5,096,898	18,426,293	17,072,097	105,711,682	231,219,985
Operating income (loss)	(11,473,959)	(1,843,146)	(3,071,944)	13,638,369	(1,231,889)	(3,982,569)	(3,119,231)
Non-operating revenues (expenses):							
Investment earnings (loss)	639,287	499,913	184,496	3,279,347	67,833	4,670,876	(875,706)
Collections from (payments to) participating local uni	4,730,613	191,679	1,774,693	-	139,205	6,836,190	-
Interest expense	(4,977,368)	(183,358)	(1,798,896)	(3,670,595)	(183,563)	(10,813,780)	(850,750)
Federal grants	49,366	-	-	-	-	49,366	108,290
Total non-operating revenues (expenses)	441,898	508,234	160,293	(391,248)	23,475	742,652	(1,618,166)
Net income (loss) before capital contributions and transfers	(11,032,061)	(1,334,912)	(2,911,651)	13,247,121	(1,208,414)	(3,239,917)	(4,737,397)
Capital contributions	213,722	37,619	83,435	-	-	334,776	-
Transfers out	-	-	-	(21,000,000)	-	(21,000,000)	-
Change in net assets	(10,818,339)	(1,297,293)	(2,828,216)	(7,752,879)	(1,208,414)	(23,905,141)	(4,737,397)
Net assets at October 1, 2004	288,517,317	112,748,817	72,173,797	73,873,688	12,057,287	559,370,906	27,930,229
Net assets at September 30, 2005	\$ 277,698,978	111,451,524	69,345,581	66,120,809	10,848,873	\$ 535,465,765	\$ 23,192,832

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Assets to Statement of Activities of Business-type Activities

Net change in net assets - enterprise funds \$ (23,905,141)

The Delinquent Tax Revolving Fund primarily serves the general government and therefore is reported as governmental activities in the Statement of Net Assets (Note 1).

7,752,879

Change in net assets of business-type activities

\$ (16,152,262)

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2005

	Enterprise Funds						Governmental Activities
	Sewage Disposal Systems			Delinquent Tax Revolving	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Downriver	Rouge Valley	CSO Basins				
Cash flows from operating activities:							
Receipts from customers	\$ 20,913,543	36,433,498	1,581,812	9,299,673	18,275,061	\$ 86,503,587	\$ 225,203,293
Payments to suppliers	(15,625,570)	(35,146,253)	(1,326,304)	(11,880,533)	(16,623,961)	(80,602,621)	(185,003,930)
Payments to employees	(6,076,768)	-	-	(1,010,766)	-	(7,087,534)	(43,214,436)
Internal activity - receipts from other funds	780	4,645,505	819	4,837,918	11,477	9,496,499	-
Internal activity - payments to other funds	(4,701,672)	-	-	-	(863)	(4,702,535)	9,125,033
Internal activity - receipts from component units	(24,243)	78,848	-	-	-	54,605	(298,046)
Net cash provided by (used in) operating activities	(5,513,930)	6,011,598	256,327	1,246,292	1,661,714	3,662,001	5,811,914
Cash flows from non-capital financing activities:							
Long-term receivable	-	-	-	-	-	-	294,791
Advances to other funds	-	-	-	3,347,075	-	3,347,075	(3,276,060)
Transfers to other funds	-	-	-	(21,000,000)	-	(21,000,000)	-
Collections from participating local units	4,730,613	191,679	1,774,693	-	139,205	6,836,190	-
Federal grants	49,366	-	-	-	-	49,366	108,290
Net cash provided by (used in) non-capital financing activities	4,779,979	191,679	1,774,693	(17,652,925)	139,205	(10,767,369)	(2,872,979)
Cash flows from capital and related financing activities:							
Repayment of long-term debt	(12,112,564)	(605,000)	(2,520,000)	(41,000,000)	(440,711)	(56,678,275)	(165,000)
Proceeds from issuance of long term debt	172,557	-	-	48,900,000	-	49,072,557	-
Bond principal received from municipalities	11,413,421	736,650	2,386,107	-	440,711	14,976,889	-
Contribution of capital	213,722	37,619	83,435	-	-	334,776	-
Acquisition of capital assets	132,077	(681,825)	(46,563)	(25,612)	-	(621,923)	(501,803)
Interest paid	(4,912,106)	(183,358)	(1,642,392)	-	(183,563)	(6,921,419)	(850,750)
Net cash provided by (used in) capital and related financing activities	(5,092,893)	(695,914)	(1,739,413)	7,874,388	(183,563)	162,605	(1,517,553)
Cash flows from investing activities:							
Investment earnings	639,287	499,913	184,496	3,279,347	67,833	4,670,876	(875,706)
Net cash provided by investing activities	639,287	499,913	184,496	3,279,347	67,833	4,670,876	(875,706)
Net increase (decrease) in cash and cash equivalents	(5,187,557)	6,007,276	476,103	(5,252,898)	1,685,189	(2,271,887)	545,676
Cash and cash equivalents at October 1, 2004	29,488,384	14,366,202	4,441,378	26,890,599	2,118,546	77,305,109	19,533,799
Cash and cash equivalents at September 30, 2005	\$ 24,300,827	20,373,478	4,917,481	21,637,701	3,803,735	\$ 75,033,222	\$ 20,079,475
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities							
Operating income (loss)	\$ (11,473,959)	(1,843,146)	(3,071,944)	13,638,369	(1,231,889)	\$ (3,982,569)	\$ (3,119,231)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	12,879,335	1,931,661	3,523,929	2,988	385,478	18,723,391	3,706,077
Decreases (increases) in current assets:							
Delinquent property taxes receivable	-	-	-	(22,717,802)	-	(22,717,802)	-
Accounts receivable	3,393,695	68,267	(243,229)	(47,187)	(4,992)	3,166,554	(2,898,686)
Due from other funds	780	4,645,505	819	4,807,791	270	9,455,165	3,213,587
Due from other governmental units	(854,579)	2,964,565	(199,913)	-	2,439,845	4,349,918	1,225
Due from component units	(24,243)	78,848	-	-	-	54,605	(297,626)
Other current assets	24,080	-	-	-	10,380	34,460	1,716,364
Increases (decreases) in current liabilities:							
Accounts and contracts payable	(846,450)	(1,654,879)	246,665	(1,035,882)	232,550	(3,057,996)	(1,989,883)
Accrued wages and benefits	(167,940)	-	-	(22,286)	-	(190,226)	(1,120,773)
Due to other funds	(4,701,672)	-	-	30,127	11,207	(4,660,338)	5,911,446
Due to fiduciary funds	-	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-	(420)
Other liabilities	(3,898,004)	-	-	10,260,769	(181,135)	6,181,630	689,834
Deferred revenue	155,027	(179,223)	-	-	-	(24,196)	-
Net cash provided by (used in) operating activities	\$ (5,513,930)	6,011,598	256,327	4,916,887	1,661,714	\$ 7,332,596	\$ 5,811,914
Cash and cash equivalents at September 30, 2005 consists of the following:							
Equity in pooled cash and investments	\$ 2,558,639	14,454,818	326,362	21,637,701	2,138,231	\$ 41,115,751	\$ 20,074,550
Other cash and investments	1,000	-	-	-	40,000	41,000	4,925
Restricted assets:							
Equity in pooled cash and investments	21,741,188	4,407,508	4,591,119	-	1,625,504	32,365,319	-
Other cash and investments	-	1,511,152	-	-	-	1,511,152	-
Total cash and investments	\$ 24,300,827	20,373,478	4,917,481	21,637,701	3,803,735	\$ 75,033,222	\$ 20,079,475

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
As of September 30, 2005

	Pension (and Other Employee Benefit) Trust Funds	Agency Funds
	<hr/>	<hr/>
<u>Assets</u>		
Equity in pooled cash and investments (Note 4)	\$ 1,644,034	\$ 167,381,303
Other cash and investments (Note 4)	-	734,095
Due from other funds (Note 10)	-	337,352
Due from component units (Note 10)	-	72,991
Accounts receivable	18,235,920	11,091,122
Accrued interest receivable	1,880,834	-
Retirement investments (Note 4):		
Equity securities	849,793,579	-
Debt securities	245,838,167	-
Money market funds	63,479,765	-
Other investments	192,492,448	-
	<hr/>	<hr/>
Total retirement investments	1,351,603,959	-
Prepayments and deposits	102,217	-
Depreciable capital assets, net (Note 8)	146,591	-
	<hr/>	<hr/>
Total assets	<u>\$ 1,373,613,555</u>	<u>\$ 179,616,863</u>
	<hr/>	<hr/>
<u>Liabilities</u>		
Accounts and contracts payable	\$ 503,430	\$ 6,218,712
Due to other funds (Note 10)	12,554	25,638
Due to other governmental units (Note 10)	-	3,945,698
Accrued wages and benefits	15,996	3,366,729
Due to broker for securities purchased	13,800,296	-
Undistributed taxes	-	149,174,971
Retainage	-	4,989,361
Other liabilities	-	11,895,754
	<hr/>	<hr/>
Total liabilities	<u>\$ 14,332,276</u>	<u>\$ 179,616,863</u>
	<hr/>	<hr/>
<u>Net Assets</u>		
Net assets held in trust for pension benefits	<u>\$ 1,359,281,279</u>	

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2005

	<u>Pension (and Other Employee Benefit) Trust Funds</u>
<u>Additions</u>	
Investment income:	
Net appreciation to fair market value	\$ 131,010,665
Interest and dividends	43,947,356
Other investment income	1,641,945
Investment expenses	<u>(3,825,139)</u>
Net investment income	<u>172,774,827</u>
Retirement contributions:	
Employer	37,004,800
Employee	<u>12,007,233</u>
Total retirement contributions	<u>49,012,033</u>
Total additions	<u>221,786,860</u>
<u>Deductions</u>	
Administrative expenses:	
Personnel	1,258,556
Fringe benefits	472,422
Pension	136,679
Materials and supplies	116,167
Contractual services	913,155
Travel	65,629
Rentals	237,411
Depreciation and amortization	81,480
Other charges	<u>16,781</u>
Total administrative expenses	3,298,280
Participant benefits - retirement benefits	<u>128,781,030</u>
Total deductions	<u>132,079,310</u>
Change in net assets	89,707,550
Net assets at October 1, 2004	<u>1,269,573,729</u>
Net assets at September 30, 2005 (Note 12)	<u><u>\$ 1,359,281,279</u></u>

See accompanying notes to the basic financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets
Component Units
As of September 30, 2005

<u>Assets</u>	Airport Authority	Circuit Court	Non-major Component Units	Total Component Units
Current assets:				
Equity in pooled cash and investments (Note 4)	\$ -	1,882,364	11,111,992	\$ 12,994,356
Other cash and investments (Note 4)	80,377,115	6,000	14,990,700	95,373,815
Due from primary government (Note 10)	-	499,110	14,288	513,398
Receivables:				
Accounts receivable	17,568,076	280,962	2,387,287	20,236,325
Special assessments	-	-	21,625,253	21,625,253
Due from other governmental units (Note 10)	14,498,532	22,894,337	1,518,272	38,911,141
Less allowance for uncollectible accounts	(1,978,500)	-	(134,112)	(2,112,612)
Prepayments and deposits	-	974	33,805	34,779
Restricted assets (Note 5):				
Equity in pooled cash and investments (Note 4)	-	-	258,126	258,126
Other cash and investments (Note 4)	731,263,986	-	-	731,263,986
Accounts receivable	12,007,471	-	-	12,007,471
Total current assets	853,736,680	25,563,747	51,805,611	931,106,038
Non-current assets:				
Restricted other cash and investments	189,667,441	-	-	189,667,441
Capital assets (Note 8):				
Non-depreciable	322,451,317	4,007,639	82,471,450	408,930,406
Depreciable, net	1,789,410,456	1,202,207	619,427,167	2,410,039,830
Other assets:				
Bond issuance costs, net of amortization	35,578,919	-	-	35,578,919
Accounts receivable	1,098,026	-	-	1,098,026
Prepaid expenses	2,161,936	-	-	2,161,936
Total non-current assets	2,340,368,095	5,209,846	701,898,617	3,047,476,558
Total assets	\$ 3,194,104,775	30,773,593	753,704,228	\$ 3,978,582,596

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Net Assets, Continued
Component Units
As of September 30, 2005

	Airport Authority	Circuit Court	Non-major Component Units	Total Component Units
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts and contracts payable	\$ 27,984,732	835,457	3,089,782	\$ 31,909,971
Accrued wages and benefits	2,369,366	473,466	90,338	2,933,170
Due to primary government (Note 10)	1,045,044	48,100,523	4,240,164	53,385,731
Due to other governmental units (Note 10)	18,637	2,821,671	104,133	2,944,441
Current portion of long-term obligations (Note 11)	-	967,950	4,589,739	5,557,689
Unearned revenue	1,961,101	306,136	554,324	2,821,561
Other liabilities	28,086,185	793,966	1,465,872	30,346,023
Payable from restricted assets:				
Current portion of long-term obligations (Note 11)	40,084,331	-	-	40,084,331
Accrued interest	35,513,867	-	-	35,513,867
Unearned	4,529,773	-	-	4,529,773
Total current liabilities	<u>141,593,036</u>	<u>54,299,169</u>	<u>14,134,352</u>	<u>210,026,557</u>
Non-current liabilities				
Non-current portion of long-term obligations (Note 11)	<u>2,332,258,924</u>	<u>-</u>	<u>96,790,919</u>	<u>2,429,049,843</u>
Total non-current liabilities	<u>2,332,258,924</u>	<u>-</u>	<u>96,790,919</u>	<u>2,429,049,843</u>
Total liabilities	<u>2,473,851,960</u>	<u>54,299,169</u>	<u>110,925,271</u>	<u>2,639,076,400</u>
Net assets:				
Invested in capital assets, net of related debt	235,042,203	4,292,998	614,953,794	854,288,995
Restricted net assets:				
Bond programs	259,556,145	-	258,126	259,814,271
Capital projects	96,158,258	-	-	96,158,258
Drug enforcement	2,551,736	-	-	2,551,736
Airport operations	27,758,478	-	-	27,758,478
Unrestricted net assets	<u>99,185,995</u>	<u>(27,818,574)</u>	<u>27,567,037</u>	<u>98,934,458</u>
Total net assets	<u>720,252,815</u>	<u>(23,525,576)</u>	<u>642,778,957</u>	<u>1,339,506,196</u>
Total liabilities and net assets	<u>\$ 3,194,104,775</u>	<u>30,773,593</u>	<u>753,704,228</u>	<u>\$ 3,978,582,596</u>

See accompanying notes to the basic financial statements.

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Statement of Activities
Component Units
For the Year Ended September 30, 2005

	Airport Authority	Circuit Court	Non-major Component Units	Total Component Units
Expenses	\$ 399,474,093	122,322,604	71,488,557	\$ 593,285,254
Program revenues:				
Charges for services	322,082,692	6,058,175	24,386,833	352,527,700
Operating grants and contributions	15,673,226	117,843,925	12,379,424	145,896,575
Capital grants and contributions	39,938,986	-	-	39,938,986
Total program revenues	377,694,904	123,902,100	36,766,257	538,363,261
Net expense	(21,779,189)	1,579,496	(34,722,300)	(54,921,993)
General revenues:				
Investment earnings (loss)	12,728,608	(1,012,552)	925,493	12,641,549
Other revenue	500,364	50,112	560,028	1,110,504
Amortization of bond issuance costs	(2,105,484)	-	-	(2,105,484)
Total general revenues	11,123,488	(962,440)	1,485,521	11,646,569
Change in net assets	(10,655,701)	617,056	(33,236,779)	(43,275,424)
Net assets at October 1, 2004	730,908,516	(24,142,632)	676,015,736	1,382,781,620
Net assets at September 30, 2005	\$ 720,252,815	(23,525,576)	642,778,957	\$ 1,339,506,196

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS

CHARTER COUNTY OF WAYNE, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2005

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CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The Charter County of Wayne, Michigan (County) was incorporated in 1796 and covers an area of approximately 623 square miles. The County provides services to approximately 2 million residents in many areas, including law enforcement, administration of justice, community enrichment and development, and human services. The citizens of the County operate under a Home Rule Charter that provides for government by a legislative branch, which is comprised of the 15 elected commissioners, and an executive branch, which is headed by an elected chief executive officer (County Executive). The County Executive is the County's chief administrator and manages the County's eleven executive departments, including Children and Family Services, Corporation Counsel, Economic and Neighborhood Development, Environment, Health and Human Services, Homeland Security/Emergency Management, Management and Budget, Personnel/Human Resources, Public Services, Senior Citizens and Veteran's Affairs, and Technology. In addition, the primary government includes other elected officials including the County Clerk, Prosecuting Attorney, Register of Deeds, Sheriff, and the Treasurer. The component units and other entities discussed below have been included as part of the reporting entity because of the significance of their operational or financial relationship to the County.

The Wayne County Employees' Retirement System (Retirement System), which is governed by the Wayne County Retirement Ordinance, is included as part of the County's fiduciary operations. The Retirement Commission oversees the ongoing operations of the Retirement System in accordance with the Retirement Ordinance.

Component Units

The financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

Blended Component Units – Blended component units are legally separate entities from the County, but are, in substance, part of the County's operations and so data from these units are combined with data of the primary government.

The Wayne County Building Authority (WCBA) was established to acquire, furnish, equip, own, improve, enlarge, operate and/or maintain buildings and building sites for lease to, and eventual ownership by, the County. It is managed by a five-member board appointed by the County Executive, subject to approval by the Wayne County Commissioners. The County has pledged certain revenues, including a specific portion of its general property tax revenues, to secure the payment of certain outstanding obligations of the County and the WCBA. The pledge of such a specific portion of its general property tax revenues is superior to the County's pledge of its limited tax full faith and credit for cash rentals under a contract. The WCBA has no taxing authority. The operations of the WCBA are reported in a non-major governmental fund.

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the County but for which the County is financially accountable, or their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. These component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The Wayne County Airport Authority (Airport Authority) was established on August 2, 2002 under Public Act 90 of 2002 to control and operate the Detroit Metropolitan Wayne County Airport, the Willow Run Airport (the Airports) and the Airport Hotel.

The Airport Authority is an independent public benefit agency and considered an agency of the County for the purposes of federal and state laws but it is not subject to any County charter requirements or the direction or control of either the County Executive or the Wayne County Commission. The Airport Authority is charged with the responsibility to operate and run the activities of the Airports and the Airport Hotel. The financial statements of the Airport Authority include the operations of the Detroit Metropolitan Wayne County Airport, the Willow Run Airport and the Airport Hotel.

The Airport Authority is managed by a seven-member board, with four members appointed by the County Executive, two members appointed by the Governor of the State of Michigan, and one member appointed by the Wayne County Commission. The appointments of the County Executive and the Governor are not subject to confirmation by the State Legislature or the Wayne County Commission.

The Third Circuit and Probate Courts (Courts) were established under the Constitution of the State of Michigan and comprise a portion of the judicial branch of the State of Michigan. Although the Courts were not created as a separate body corporate or body corporate and politic, they possess the prerequisite corporate powers and budgetary autonomy to support their inclusion as discretely presented component units. Both Courts are headed by a duly elected chief judge. The Courts preside over judicial proceedings within the County. The Courts are fiscally dependent on the County and have no taxing power. The Court Reorganization Act, 1996 P.A. 388, designated the County as the primary funding unit for Court operations.

There are three separate divisions of Third Circuit Court (Circuit Court): Civil, Criminal, and Family Court. The Civil Division is assigned 25 judges for the resolution of general civil cases initiated within the County, where the amount of the controversy exceeds \$10,000. The Criminal Division is assigned 32 judges and has sole jurisdiction over felonies and high misdemeanors occurring within the County. The Family Court Division is divided into Domestic and Juvenile Sections. The Domestic Section is assigned seven judges and is responsible for hearing all domestic relation cases filed within the County. The Juvenile Section is assigned three judges, along with a staff of referees, and exercises exclusive jurisdiction over juveniles under 17 years of age in delinquency proceedings, and children under 18 years of age in protective proceedings. Each child coming within the jurisdiction of the Family Court is entitled to receive the care, guidance, and control as will be conducive to the child's welfare and the best interests of the State. The Courts are located in the CAYMC in downtown Detroit.

Probate Court has eight judges who have jurisdiction in all matters related to settlement of estates, trusts and appointment of trustees within the County. In addition, the Court appoints guardians and conservators for minors and other legally incapacitated persons. The Court has jurisdiction over numerous other matters ranging from mental illness, to communicable diseases, to substance abuse and to certain child custody issues.

The Detroit-Wayne County Stadium Authority (DWCSA) was incorporated by the County on August 20, 1996 under the provisions of Public Act 31 for the purpose of constructing and maintaining two new sports stadiums, Comerica Park and Ford Field, home of the Detroit Tigers Professional Baseball Team and of the Detroit Lions Professional Football Team, respectively. The DWCSA's Articles of Incorporation provide for a six-member board ("the Commission").

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Each member of the Commission is appointed by the County Executive, with three members recommended by the Mayor of the City of Detroit. On April 1, 1997, the DWCSA issued bonds totaling \$85,815,000. The County has pledged its limited tax full faith and credit for payment of the cash rentals to the DWCSA under a contract dated March 1, 1997 to pay debt service. The County has also pledged certain motor vehicle rentals and hotel tax revenues levied by the County pursuant to Act No. 180, Public Acts of Michigan 1991. The DWCSA has no taxing authority.

Chapters 8, 20 and 21 Drainage Districts are established under the State of Michigan Drain Code (Public Act 40 of 1956, as amended; the "Drain Code") to provide for the construction, maintenance and funding of drains, sewers, and equipment used in water management and flood control. Each of the individual drainage districts is a separate legal entity, with the power to sue and to be sued, and to hold, manage, and dispose of real and personal property. The full faith and credit of the County is generally given for the long-term debt of the drainage districts. There are approximately 150 drainage districts that are assessed by the County. The drainage districts are grouped and reported as follows:

Chapter 8 Drainage Districts are inter- and intra-County drainage districts that are operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for assessment of the related costs to the specific owners of the benefited parcels of property or to the benefited public corporations. The Wayne County Drain Commissioner (the County's Director of Environment) is responsible for determining the yearly assessments. Under the Drain Code, the County is responsible for Chapter 8 drainage district administrative costs for maintenance.

Chapter 20 Drainage Districts are intra-County drainage districts that are operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for at-large assessment of costs against either the benefited public corporations or the specific owners of benefited parcels of property. The Chapter 20 Districts have Drainage Boards that are responsible for determining the yearly assessments. Each district's board statutorily consists of three members: the Wayne County Drain Commissioner, the district's County Commissioner, and an appointee of the Wayne County Executive. The full faith and credit of the County has been pledged for the long-term debt of the drainage districts.

Chapter 21 (Milk River) Drainage District is an inter-County drainage district that is operated, maintained, and extended pursuant to the provisions in the Drain Code, which allow for assessment of the related costs to either the benefited public corporations or the specific owners of benefited parcels of property. The District has a Drainage Board that is responsible for determining the yearly assessments. The District's drainage board statutorily consists of three members: the Director of Agriculture of the State of Michigan (chairperson), the Wayne County Drain Commissioner, and the Drain Commissioners for each of the counties of the specific drainage district. The County has pledged its full faith and credit for the long-term debt of the districts.

The Economic Development Corporation of Wayne County (EDC) is a separate legal entity that was established pursuant to Michigan Public Act 338 of 1974. Its 11-member board is appointed by the County Executive. The EDC acts on behalf of and at the direction of the County. Services include financial packaging, site location services, and low-cost financing to businesses locating or expanding in the County. The EDC's primary fiscal activity is to provide administration of federal grants on behalf of and for the benefit of the County. The EDC is fiscally dependent on the County and has no taxing authority.

The Wayne County-Detroit Community Development Entity, Inc (CDE, Inc.) is a IRS Section 501(c) (3) Michigan corporation. It is a qualified community development entity that was granted

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

new market tax credits (NTMC) allocation authority from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund). CDE, Inc. must comply with various rules and regulations of the CDFI Fund and Section 45D of the IRS Code, and must ensure that the NTMC's are used for investment in low-income communities in Wayne County. The County Executive has appointed six of the eleven Board members.

The Greater Wayne County Economic Development Corporation (GWEDC) was created as a separate legal entity in November 2004 through an inter-local agreement between the EDC of Wayne County, the EDC of the City of Taylor and the EDC of the City of Detroit. The purpose of the GWEDC is to administer economic development programs and functions in Michigan, such as the One-Stop Center. The GWEDC is governed by an Executive Committee and a Board of Directors. The County Executive appoints the members of the Executive Committee and six of the ten Board members. The entity is primarily funded by contributions from the County.

The Metropolitan Growth and Development Corporation (MGDC), a non-profit corporation, was established solely to oversee and administer federal loan funds on behalf of the County's Department of Economic and Neighborhood Development, such as the Small Business Administration (SBA) Loan Program and the Federal Grant Urban Loan Fund (ULF) Program. The MGDC's responsibilities include the day-to-day administration of the SBA loan program and promoting economic development for minority businesses and businesses in distressed communities. The MGDC is funded through County contributions and solicitations from individuals, corporations, foundations, and other organizations. It is governed by a 39 member Board of Directors, of which two are Wayne County officials.

The MGDC also owns the Wayne County-Detroit Community Development Entity, Inc., a discretely presented component unit of the County. The operations of the MGDC are reported in a non-major governmental fund.

The Brownfield Redevelopment Authority (BRA) was established by State enabling legislation. The BRA will assist the Wayne County Department of Environment and the various Wayne County communities involved with the Urban Recovery Partnership to facilitate the redevelopment of unproductive, contaminated and/or blighted property by providing tax incentives. The BRA's 11-member board is appointed by the County Executive. The BRA acts on behalf of and at the direction of the County.

HealthChoice of Michigan (HealthChoice) was formed by the County under the Municipal Health Corporations Act of 1987. HealthChoice was incorporated January 30, 1992 to manage a health care program benefiting employees of County businesses that are unable to provide health benefits to these employees. The program is funded equally by monthly contributions by employers, employees, and Metro HealthCare Services, Inc., (MHCS) a philanthropic Michigan non-profit corporation. HealthChoice Board members are County elected or County appointed officials.

HealthChoice administers the program in conjunction with MHCS, which administers the transfer of monthly subsidies to HealthChoice; Patient Care Management System, a unit of the County, which provides the personnel to manage the program; and a third-party administrator, which collects subsidies from MHCS and premiums from employers, distributes health care provider payments, and remits any excess premiums to HealthChoice.

The following component units issue audited financial statements: the Wayne County Building Authority; the Wayne County Airport Authority; the Detroit-Wayne County Stadium Authority; the Chapter 21 (Milk River) Drainage District, CDE, Inc., the GWEDC, the Metropolitan Growth and

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Development Corporation and HealthChoice of Michigan. These reports may be obtained at the entity's administrative offices listed below.

*Wayne County-Detroit Community
Development Entity, Inc.*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

Chapter 21 (Milk River) Drainage Districts
Wayne County Department of Environment
415 Clifford, Seventh Floor
Detroit, Michigan 48242

Wayne County Building Authority
600 Randolph, Third Floor
Detroit, Michigan 48226

*Greater Wayne County Economic Development
Corporation*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

Wayne County Airport Authority
Detroit Metropolitan Wayne County Airport
L.C. Smith Terminal-Mezzanine
Detroit, Michigan 48226

*Metropolitan Growth and Development
Corporation*
600 Randolph, 3rd Floor
Detroit, Michigan 48226

Detroit-Wayne County Stadium Authority
600 Randolph, Suite 300
Detroit, Michigan 48226

HealthChoice of Michigan
640 Temple, Suite 370
Detroit, Michigan 48201

The administrative offices of the other component units are listed below. Detailed financial information may be obtained from the Wayne County Department of Management and Budget, 600 Randolph, 3rd floor.

Third Circuit Court
711 Coleman A. Young Municipal Center
Two Woodward Avenue
Detroit, Michigan 48226

*Economic Development Corporation of
Wayne County*
600 Randolph, Room 323
Detroit, Michigan 48226

Probate Court
1305 Coleman A. Young Municipal Center
Two Woodward Avenue
Detroit, Michigan 48226

Brownfield Redevelopment Authority
600 Randolph, Suite 323
Detroit, Michigan 48226

Chapters 8 and 20 Drainage District
Wayne County Department of Environment
415 Clifford, Seventh Floor
Detroit, Michigan 48226

Related Organizations

County officials are also responsible for appointing members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. County officials appoint the board members of the Wayne County Council for the Arts, History and Humanities, and Wings Over Wayne.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

B. Measurement Focus, Basic of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The County's financial statements include government-wide financial statements (reporting the County as a whole) and fund financial statements (reporting the County's major funds individually and non-major funds in the aggregate). The government-wide financial statements categorize primary activities as either governmental or business-type. The County's legislative; judicial; general government; public safety; public works; highways, streets and bridges; health and welfare; recreation and cultural; and non-departmental functions are classified as governmental activities as they are largely support by taxes and intergovernmental revenue. The County's sewage disposal systems, jail commissary, parking lots, and wetlands mitigation services are classified as business-type activities as they rely on fees and charges for support.

The primary function of the Delinquent Tax Revolving Fund is to support the collection of property tax revenue, a general government function. The activities of the Delinquent Tax Revolving Fund have been classified as governmental activities in the government-wide financial statements and a reconciliation from the proprietary fund financial statements to the business-type activities column in the government-wide financial statements has been prepared.

The government-wide financial statements display information about the County as a whole, excluding fiduciary funds and component units that are fiduciary in nature. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are presented on a consolidated basis, by column, and all long-term assets and receivables, as well as long-term-debt and obligations, are recognized. The County's net assets are reported in the following three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

- Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

The government-wide Statement of Activities reports both the gross and net cost of each of the County's governmental functions and business-type activities. The functions are also supported by general government revenues. General revenues include taxes, investment earnings, and parking taxes. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Direct expenses are those that are specifically associated with a service, program or department and are clearly identifiable to a specific function.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Indirect expenses for centralized services and administrative overhead are included as part of the direct expenses reported for the various functional activities.

Program revenues must be directly associated with a governmental or business-type activity. Amounts reported as program revenues include charges to customers for goods or services provided, operating grants and contributions, and capital grants and contributions, including special assessments. Operating grants include operating-specific and discretionary grants, while capital grants include capital-specific grants only. Internally dedicated resources are reported as general revenues rather than as program revenues.

Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-change transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are activities between funds reported as governmental activities and funds reported as business-type activities. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

Fund Financial Statements

Separate fund financial statements are presented for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. Non-major governmental, non-major enterprise, internal service, pension (and other employee benefit) trust funds, and agency funds, are presented in the aggregate, and in individual columns, in the fund financial statements.

Governmental fund financial statements include those funds used to account for the County's general government activities. All governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recorded when susceptible of accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if collection occurs within sixty (60) days. The County considers all other revenues to be available if they are collected within one year of the end of the fiscal year.

Property taxes, industrial facilities taxes, interest and rents, and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time. Entitlements and state-shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

Expenditures are recognized as payable on the modified accrual basis when the liability is incurred, except for principal and interest on general long-term obligations, compensated absences, and claims, litigation, and assessments, which are recognized when due.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The County reports the following major governmental funds:

- General Fund – The General Fund accounts for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is the County's primary operating fund.
- Roads Fund – This fund is used to account for the operations associated with the maintenance and construction of certain roads, streets, and bridges located within the County. These operations are funded principally by the federal government, the State of Michigan, and local governmental units within the County.
- Mental Health Fund – This fund is used to account for revenue reserved for providing mental health services to County residents.
- Health Fund – This fund is used to account for revenue reserved for the purpose of providing health protection, maintenance, and improvement for the residents of the County.
- Juvenile Justice and Abuse/Neglect Fund – This fund accounts for the cost of providing required foster care and/or residential care of abused, neglected, and delinquent children in the County, including County residents who become wards of the State of Michigan.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All proprietary funds are reported on a full accrual basis of accounting and the economic resources measurement focus.

The County's proprietary funds consist of the following major enterprise funds and the internal service funds:

- Downriver, Rouge Valley, and Combined Sewage Overflow (CSO) Basins Sewage Disposal System Funds – These major enterprise funds are used to record the fiscal activities associated with operation and maintenance of the Downriver, Rouge Valley, and CSO Basins sewage treatment facilities. Costs are recovered through development of usage rates, which are billed to the local communities served.
- Delinquent Tax Revolving Fund – This major enterprise fund is used to account for money advanced by the County to various taxing authorities for unpaid property taxes. It was established by law to buy any or all delinquent real property taxes and special assessments owed to the County and taxing authorities in the County.
- Internal Service Funds – These funds are used to account for the costs of certain goods, services, and activities (such as personnel, central services, information technology, employee health benefits, property insurance, capital asset acquisitions, etc.) provided by one department to another department or to component units of the County.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The County reports the following fiduciary fund types:

- Pension (and Other Employee Benefit) Trust Funds – The pension trust funds are used to account for the assets of the County's employees' pension plan. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.
- Agency Funds – These funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity. Agency funds, which only report a Statement of Fiduciary Net Assets, use the accrual basis of accounting.

The County reports the following major component units:

- Airport Authority – These funds are used to account for the operation and maintenance of the Airports and the Airport Hotel. Airport revenues are primarily derived from landing fees, leases, and rentals received from users or fee-based operations. Activities associated with the Airport Hotel includes funding the construction and furnishing of an airport hotel at the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.
- Circuit Court – The Court presides over judicial proceedings initiated within the County through its Civil, Criminal and Family Court divisions. These divisions are responsible for the resolution of general civil cases, felonies and high misdemeanors, domestic relation cases, and jurisdiction over juveniles in delinquency and protective proceedings.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 20, and amended by Statement No. 34, the government-wide statements and proprietary fund statements follow all GASB pronouncements and Financial Accounting Standards Board Statements (FASB) and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. The County has the option to apply FASB pronouncements issued after November 30, 1989, for business-type activities and enterprise funds, but has chosen not to do so.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities, and Net Assets or Fund Balance

Bond Issuance Costs – The principal component of other assets in the enterprise funds represents bond issuance costs. Such issuance costs are amortized principally using methods that approximate the effective interest method.

Capital Assets – Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Infrastructure assets are defined as long-lived capital assets that are stationary in nature and can be preserved longer than most other capital assets. Infrastructure assets have an initial, individual cost of more than \$5,000.

Equipment, buildings, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in either the governmental or business-type activities column in the government-wide

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

financial statements. All capital assets are recorded at historical cost or estimated historical cost, if actual cost information is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives, with the exception of Road's machinery and equipment and Department of Environment vehicles, which are depreciated using sum-of-the years' digits:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	5-25
Infrastructure:	
Roadway signage	7-15
Bridges and dams	25-50
Roadways and paving	5-25
Sewer systems	25-80
Airport paving	25
Airport systems	10-25
Machinery and equipment, vehicles	5-25
Office equipment	5

Cash and Investments – Cash resources of the individual funds, except as specifically stated by the Comprehensive Investment Policy Ordinance, are pooled and invested. Interest on pooled investments is allocated among the respective funds based on average investment balances. Securities traded on national or international exchanges are valued at last reported sales price at current exchange rates, which represents fair value. Mortgages are valued on the basis of future principal and interest payments and are discounted at the prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. Gains or losses on investments sold or exchanged are recognized when the transactions are completed (settlement dates).

Cash Flows – For purposes of the Statement of Cash Flows, the County considers cash equivalents as all highly liquid investments, including restricted assets, with a maturity of three months or less from the date of acquisition.

Compensated Absences – County employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned and sick pay vests upon completion of two years of service. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding these limitations are forfeited.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

In the government-wide and proprietary fund financial statements, all vacation and sick pay is accrued when earned by the employee. In the governmental fund financial statements, the governmental funds report a liability for vacation and sick pay for employees who have separated from the County, however, their accrued vacation and sick pay remain due and payable at year-end.

Deferral of Gains and Losses on Refunding – For enterprise funds, the County defers the difference between the reacquisition price and the net carrying amount of the old debt in a refunding. The deferred amount is amortized and recorded as a component of interest expense.

Deferred Revenue – In the governmental funds, deferred revenue represents revenue that is estimable but not available to finance current operations. Accordingly, these revenues are deferred until such time as they are available. Governmental and proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Designated Net Assets – The County has designated the net assets of the Equipment Lease Financing Fund (ELF), an internal service fund, for future capital acquisitions.

Fund Balance – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not subject to appropriation or are legally segregated for a specific purpose.

Reservations of fund balances generally represent outside third-party restrictions or non-current assets that are not available to fund current liabilities such as inventories, prepayments, long-term receivables and due from other funds not settled within a year.

Interfund Balances – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “advances to/from other funds” (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Inventories – Inventories are valued at cost, primarily using the weighted average cost flow assumption. Expenditures are recognized as inventory items are used. Fund balances in governmental funds have been reserved for the amount of inventory on hand at September 30, 2005, as that portion of und balance is unavailable for appropriation or expenditure.

Passenger Facility Charges – The Airport Authority assesses passenger facility charges of \$4.50 per passenger. The passenger facility charges are recorded as non-operating revenues and may only be expended on capital and non-capital projects approved by the federal government. Net assets related to unexpended passenger facilities charges are restricted.

Use of Estimates – The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(2) Budget Matters

The following is a listing of total expenditures in excess of the final amended budget for the major governmental funds, the General Fund and the Juvenile Justice and Abuse/Neglect Fund, and for the other governmental funds for which an annual budget has been legally adopted. Expenditures are presented at the legal level of budgetary control. The budgetary comparison schedules for the major governmental funds are presented as required supplementary information beginning on page II-123. The budgetary comparison schedules for the other governmental funds begin on page II-130.

	Final <u>Amended Budget</u>	Actual <u>Expenditures</u>	Amount Over <u>Amended Budget</u>
<u>General Fund:</u>			
Legislative:			
County Commission	\$ 8,721,078	\$ 8,903,787	\$ 182,709
Judicial:			
Circuit Court	83,424,300	86,580,991	3,156,691
General Government:			
Board of County Canvassers	113,600	147,530	33,930
Department of Corporation Counsel	12,830,832	13,666,891	836,059
Public Safety:			
Executive Division	3,550,611	3,702,368	151,757
Filed Services	2,290,037	2,614,290	324,253
Park Patrol	2,341,443	2,782,668	441,225
Jail Operations	90,708,574	95,259,070	4,550,496
Public Works:			
Drain Assessments - County Share	1,213,771	1,348,318	134,547
Health and Welfare:			
Jail Medical	20,585,955	22,481,116	1,895,161
Jail Mental Health	8,583,906	9,474,135	890,229
Medical Examiner	6,607,054	7,142,825	535,771
Senior Citizens' Services	1,805,790	2,141,697	335,907
Non-departmental:			
Regular Salaries & Wages	-	1,100	1,100
Miscellaneous Supplies	-	15,876	15,876
Food Provisions	-	14,250	14,250
Miscellaneous Fees	-	9,050,428	9,050,428
Miscellaneous Professional Services	500,000	1,043,994	543,994
Information Services Chargebacks	-	420	420
Central Service Chargebacks	47,800	161,049	113,249
Southeast Michigan Council of Government	410,000	467,041	57,041
Capital outlay	<u>436,710</u>	<u>899,499</u>	<u>462,789</u>
Total General Fund	<u>\$ 244,171,461</u>	<u>\$ 267,899,343</u>	<u>\$ 23,727,882</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Final <u>Amended Budget</u>	Actual <u>Expenditures</u>	Amount Over <u>Amended Budget</u>
Special Revenue Funds:			
Juvenile Justice and Abuse/Neglect	\$ 177,798,669	\$ 186,042,744	\$ 8,244,075
Parks	21,115,764	22,137,831	1,022,067
Law Enforcement	7,499,549	8,203,826	704,277
County Library	5,723,479	5,740,275	16,796
Drug Enforcement	1,796,400	5,210,359	3,413,959
Victim Witness	1,039,003	1,218,863	179,860
Building Authority	-	973	973
Nuisance Abatement	1,593,300	2,100,944	507,644
Debt Service Funds:			
General	16,985,100	16,993,497	8,397
Wayne County Building Authority	14,730,400	14,734,729	4,329

General Fund – Actual expenditures exceeded budget by \$13,005,733. These overages in the General Fund were mainly funded through expenditure savings in other General Fund activities and by additional General Fund revenues.

Juvenile Justice and Abuse/Neglect Fund – Actual expenditures exceeded budget by \$8,244,075. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Parks Fund – Expenditures exceeded budget by \$1,022,067. These overages were funded through use of accumulated fund balances.

Law Enforcement – Expenditures exceeded budget by \$704,277. This expenditure overage was funded mainly from additional charges for services of \$. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

County Library Fund – Expenditures exceeded budget by \$16,796. This expenditure overage was funded through additional charges for services.

Drug Enforcement Fund – Expenditures exceeded budget by \$3,413,959. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Victim Witness Fund – Expenditures exceeded budget by \$179,860. This expenditure overage was funded through additional state grants.

Nuisance Abatement – Expenditures exceeded budget by \$507,644. This fund is in deficit. Refer to Footnote 13 for disclosure of the deficit elimination plan for this fund.

Building Authority Fund – Expenditures exceeded by \$973. This expenditure overage was funded through use of fund balance.

General Debt Service Fund – Expenditures exceeded budget by \$8,397. This expenditure overage was funded through additional interest earnings.

Wayne County Building Authority Debt Service Fund – Expenditures exceeded budget by \$4,329. This expenditure overage was funded through additional interest earnings.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(3) **Self Insurance**

The County is self-insured for workers' compensation, certain health benefits and other claims, litigation, and assessments. Accruals for claims, litigation, and assessments are recorded in the government-wide and proprietary fund financial statements. These accruals are recorded in the fund financial statements, within the governmental funds, when the amounts are due and payable at year-end. All other amounts are recorded in the government-wide financial statements when probable of loss and estimable in amount.

Health insurance and workers' compensation claims that are probable of loss and estimable in amount are included in the government-wide proprietary and fiduciary fund financial statements. Other claims consist of property damage and minor auto damage claims. The amount of claims liability is based on analyses performed by outside consultants and includes an estimate of incurred claims that have not yet been reported. The County purchases commercial insurance for claims in excess of coverage provided by the internal service funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

A reconciliation of the County's self-insured claims liability at September 30, 2005 follows:

	Workers'	Hospitalization		
	<u>Compensation</u>	<u>Insurance</u>	<u>Other Claims</u>	<u>Total</u>
Claims liability, September 30, 2003	\$ 7,280,933	4,354,775	75,000	\$ 11,710,708
Claims incurred during fiscal year 2004	4,056,432	78,651,030	193,084	82,900,546
Change in estimate for prior period claims	(8,758)	(4,662,104)	-	(4,670,862)
Payments on claims	<u>(4,477,220)</u>	<u>(74,712,877)</u>	<u>(193,084)</u>	<u>(79,383,181)</u>
Claims liability, September 30, 2004	6,851,387	3,630,824	75,000	10,557,211
Claims incurred during fiscal year 2005	2,404,440	81,783,494	99,207	85,018,834
Change in estimate for prior period claims	302,212	705,730		(845,315)
Payments on claims	<u>(3,828,216)</u>	<u>(81,683,249)</u>	<u>(99,207)</u>	<u>(84,489,107)</u>
Claims liability, September 30, 2005	<u>\$ 5,729,823</u>	<u>4,436,799</u>	<u>75,000</u>	<u>\$ 10,241,622</u>

The liability for workers' compensation claims includes an estimate of loss and allocated loss adjustment expenses (ALAE). The estimate of loss is based on historical loss runs for the workers' compensation program through September 30, 2005, specific data for individual open claims, which occurred prior to 1985, and historical payroll data. ALAE represents the cost of legal fees, expert testimony, medical examination, etc., that are associated with the defense and settlement of particular claims. Unallocated loss adjustment expenses are not included in the estimate.

A discount rate of 5.5% was used to determine the present value of unpaid workers' compensation claims.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(4) Deposits and Investments

For the year ended September 30, 2005, the County adopted Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. The standard requires that entities disclose essential risk information about deposits and investments.

A. Primary Government (Non-Fiduciary)

State statutes (Public Act 20 of 1943, as amended) place limitations on the nature of deposits and investments available to the County. Deposits include demand deposits, money markets, and certificates of deposits in federally insured banks, credit unions and savings and loan associations. Statutes authorize the County to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, external investment pools (organized under Public Act 367 or 121) and mutual funds composed of otherwise legal investments (except those with fluctuating per share value).

The investment policy adopted by the County, in accordance with Public Act 20 of 1948, as amended authorizes investments in U.S. Treasuries, agencies, and instrumentalities, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings bank, or savings and loan association that is a member of the FDIC. The treasurer may invest in commercial paper (rated A2/P2 or above), repurchase agreements, and bankers' acceptances. Investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512, under the local government investment pool Act of 1985, PA 121, MCL 129.141 to 129.150 and investment pools organized under the surplus funds investment act, 1982 PA 367, MCL 129.111 to 129.118 are also permitted. Investments may also be made in mutual funds registered under the investment company Act of 1940 Title I of Chapter 686, 54 stat. 789, 15 U.S.C. 80A-1 to 80A-3 and 80A-4 to 80A-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation, which maintain a rating of AAA or better by a nationally recognized statistical rating agency or that maintain a net \$1.00 share value. The foremost objective of the investment policy is the safety of investment principal.

The County's cash and investments are subject to several types of risk, which are discussed in more detail below.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In compliance with State law, the County's investment policy limits investments of commercial paper to the two highest classifications established by not less than two standard rating services, and which mature not more than 270 days after the date of purchase. As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows for the primary government (non-fiduciary):

Investment	Fair Value	Rating	Organization
Money market funds	\$ 86,092	Not Rated	PA 367 Fund
Money market funds	4,801,738	Not Rated	\$1 per share
Money market funds	34,923,344	AAAm	S&P
Money market funds	46,099,384	AAAm-G	S&P
Money market funds	107,834	AAA-V1	Fitch
Commercial paper	20,348,882	A-2, P-2	S&P, Moody's
Commercial paper	2,034,888	A-1, P-1	S&P, Moody's

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government's deposits may not be recovered. The

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

County's investment policy requires that deposits over the \$100,000 insured limit in a commercial bank shall not equal more than 25% of the combined capital and surplus of that bank, savings bank, or savings and loan association and that institution must meet minimum standards of at least one standard rating service. If deposits in a credit union exceed the \$100,000 insured limit, that institution must meet the minimum standards of at least one standard rating service. At year-end, the primary government (non-fiduciary) had \$74,952,806 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$76,956,432. Of the bank balance, \$884,695 was covered by federal depository insurance and \$74,068,111 was uninsured and uncollateralized. The County believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the government evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable levels of estimated risk are used as depositories.

Custodial Credit Risk of Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty, or the counterparty's trust department or agent, but not in the County's name.

The County's investment policy requires that bonds, securities, and obligations of the United States or an agency or instrumentality of the United States must be held in the name of the County treasurer, be purchased using the delivery versus payment procedure, and be held in third party safekeeping. Commercial paper should either be purchased directly from the issuing corporation, or be held in safekeeping by a third party institution. At year-end, none of the County's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the County's name,
- Investments were held by a trustee in the County's name,
- Investments were part of a mutual fund.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments with a single issuer. Through its investment policy, the County places limits on the amount the government may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25% of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End
Bankers' acceptances	50%	0.0%
Repurchase agreements	25	0.00
U.S. government	100	11.72
Commercial paper	60	10.66
Money market funds, mutual funds and investment pools	50	40.97
Certificates of deposit (bank)	50	36.65
Certificates of deposit (credit union)	10	0.00
Certificates of deposit (savings and loan associations)	10	0.00

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

County limits based on use of a single issuer –

<u>Investment Type</u>	<u>Limit</u>
Bankers' acceptances	25% of total portfolio
Repurchase agreement	10% of total portfolio
Certificates of deposit (bank)	33% of total portfolio
Certificates of deposit (S&L)	5% of total portfolio

Actual year-end investments in a single issuer exceeding 5% of total primary government investments (non-fiduciary) are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Rating</u>
Charter One Bank	Certificate of deposit	\$ 18,288,222	8.71%	A-1+, F1+
Comerica Bank	Certificate of deposit	14,244,218	6.78	A-1, F1
Daimler Chrysler	Commercial paper	20,348,882	9.69	A-2, F2
Fifth Third Bank	Demand deposit	12,516,067	5.96	A-1+, F1+
J.P. Morgan Chase	Certificate of deposit	22,270,159	10.61	A-1+, F1+
J.P. Morgan Chase	Money market funds	46,099,384	21.96	A-1+, F1+
Federal Home Loan Bank	U.S. Agency	14,763,407	7.03	AAA, Aaa
U.S. Bank	Money market funds	29,888,320	14.23	A-1+, F1+

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy addresses this risk by limiting the maturities on investments:

<u>Fund/Fund Type</u>	<u>Maturity Maximum</u>
General Fund, Operating Funds	One Year
Debt Service, Special Assessment, Nonexpendable Trust Funds	Five Years
Delinquent Tax Revolving Fund	Four Years
Funds subject to federal arbitrage restrictions	Varies

The County's investment policy also dictates that for operating funds, investment maturities shall be scheduled to coincide with projected cash flow needs, according to the following general guidelines:

<u>Length of Maturity</u>	<u>Percent of Portfolio (minimums)</u>	<u>Actual at year-end</u>
Under 30 days	10%	98.29%
Under 90 days	25%	100.00
Under 270 days	50%	100.00
Under one year	100%	100.00

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

At year-end, the average maturities of investments subject to interest rate risk are as follows:

	<u>Fair Value</u>	<u>Avg Days to Maturity</u>
Commercial paper	\$ 22,383,771	17.82
U.S. Agency Securities		
Federal Home Loan Bank	14,763,407	168.67
Federal Home Loan Mortgage Corp	<u>9,842,271</u>	315.00
Investments subject to interest rate risk	46,989,449	
Cash/investments not subject to interest rate risk:		
Cash on hand	297,249	
Certificates of deposit and demand deposits	76,956,432	
Money market funds	<u>86,018,391</u>	
Total primary government (non- fiduciary) deposits and investments	<u>\$ 210,261,521</u>	

B. Primary Government (Fiduciary)

Agency Funds

The Agency Funds' investments are subject to the County investment policy described in the Primary Government (non-Fiduciary) section A. above. They are under the control of the County Treasurer, County Clerk and Chief Judge. They include both "pooled" and other cash and investments.

Pension (and Other Employee Benefit) Trust Funds

The Retirement Systems have balances in the County's pooled accounts, displayed in the financial statements as "equity in pooled cash and investment accounts." Disclosures related to these "pooled" balances follows. See the individual Retirement System for the appropriate investment risk information.

The Wayne County Employees Retirement System investments, which are under the control of the Wayne County Retirement Commission, are subject to statutory regulations imposed under the Michigan Public Pension Investment Act 314 of 1965, as amended (Act 55, P.A. 1982), and investment policy established by the Retirement Commission.

The Investment Act incorporates the prudent person rule and requires investment fiduciaries to act solely in the interest of the Plan's participants and beneficiaries. The Retirement Commission has authority to invest the Plan's assets in common and preferred stock, obligations of the United States, its agencies, or U.S. government sponsored enterprises, obligations of any state or political subdivision of a state having the power to levy taxes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, reverse repurchase agreements, real and personal property, mortgages, and certain other investments.

The investment policy places a number of restrictions as to type, quality, and concentration of investment, including limiting common stock to 60 percent (at cost) of the portfolio. Investments in government-insured and other mortgages include mortgage-backed securities and conventional and construction mortgages collateralized by real property. Evaluations of real property must be

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

performed by outside consultants. Common stock and corporate bonds are limited to publicly traded companies recommended by several investment advisors.

Pooled Cash and Investments – Pooled cash and investments consist of cash, certificates of deposit, money market funds, commercial paper, and obligations of the U.S. Treasury and agencies. The carrying value of “pooled” cash and investments of Agency Funds is \$167,381,303 and is \$1,644,034 in the Pension and Other Trust Funds as of September 30, 2005.

Credit Risk – As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Fair Value (Agency Funds)	Fair Value (Pension and Trust Funds)	Rating	Organization
Money market funds	\$ 112,700	\$ 1,170	Not Rated	PA 367 Fund
Money market funds	5,864,254	60,922	Not Rated	\$1 per share
Money market funds	4,361,077	37,722	AAAm	S&P
Money market funds	43,249,202	448,281	AAAm-G	S&P
Money market funds	141,162	1,466	AAA-V1	Fitch
Commercial paper	2,663,803	27,662	A-1, P-1	S&P, Moody's
Commercial paper	26,638,029	276,662	A-2, P-2	S&P, Moody's

Custodial Credit Risk of Bank Deposits – At year-end, the Agency funds had \$83,906,884 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$87,981,313. Of the bank balance, \$1,088,483 was covered by federal depository insurance and \$82,818,401 was uninsured and uncollateralized. The Pension and Trust Funds had \$780,454 of bank deposits (primarily demand deposits and certificates of deposit) with a carrying value of \$818,352. Of the bank balance, \$7,150 was covered by federal depository insurance and \$773,304 was uninsured and uncollateralized.

Custodial Credit Risk of Investments – None of the Fiduciary funds investments were subject to custodial credit risk as of September 30, 2005.

Concentration of Credit Risk – As discussed above, the County places limits on the amount the government may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25% of combined capital and surplus position of that financial institution.

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End (Agency Funds)	Actual at Year-End (Pension and Trust Funds)
Bankers' acceptances	50%	0.0%	0.0%
Repurchase agreements	25	0.00	0.00
U.S. government	100	0.00	0.00
Commercial paper	60	17.43	18.51
Money market funds, mutual funds and pools	50	31.96	33.43
Certificates of deposit (bank)	50	50.00	48.06
Certificates of deposit (credit union)	10	0.00	0.00
Certificates of deposit (S&L associations)	10	0.00	0.00

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

County limits based on use of a single issuer –

Year-end investments in a single issuer exceeding 5% of Fiduciary funds cash and investments are as follows:

Issuer	Investment Type	Fair Value (Agency Funds)	Percent of Portfolio	Fair Value (Pension and Other Trust Funds)	Percent of Portfolio	Rating
Charter One Bank	Certificate of deposit	\$ 21,474,763	12.77%	\$ 221,421	13.47%	A-1+, F1+
Comerica Bank	Certificate of deposit	18,646,620	11.09	193,635	11.78	A-1, F1
Comerica Bank	Demand deposit	11,296,023	6.72	84,592	5.15	A-1, F1
Daimler Chrysler	Commercial paper	26,638,029	15.85	276,622	16.83	A-2, F2
Fifth Third Bank	Demand deposit	16,384,357	9.75	170,143	10.35	A-1+, F1+
Flagstar Bank	Certificate of deposit	9,135,045	5.43	94,863	5.77	Not rated
Huntington Bank	Certificate of deposit	10,772,102	6.41	111,863	6.80	A-2, F1
J.P. Morgan Chase	Certificate of deposit	15,923,187	9.47	166,134	10.11	A-1+, F1+
J.P. Morgan Chase	Money market funds	16,503,392	9.82	108,689	6.61	A-1+, F1+

Interest Rate Risk – The County's investment policy addresses this risk by limiting the maturities on investments:

Fund/Fund Type	Maturity Maximum
Operating Funds	One Year
Nonexpendable Trust Funds	Five Years
Funds subject to federal arbitrage restrictions	Varies

The County's investment policy also dictates that for operating funds, investment maturities shall be scheduled to coincide with projected cash flow needs, according to the following general guidelines:

Length of Maturity	Percent of Portfolio (minimums)	Actual at year-end
Under 30 days	10%	98.29%
Under 90 days	25%	100.00
Under 270 days	50%	100.00
Under one year	100%	100.00

At year-end, the average maturities of Agency Funds total cash and investments and Pension and Other Trust Funds pooled balances, subject to interest rate risk are as follows:

	Fair Value (Agency Funds)	Fair Value (Pension and Other Trust Funds)	Avg Days to Maturity
Commercial paper	\$ 29,301,832	\$ 304,284	17.82
Cash/investments not subject to interest rate risk:			
Certificates of deposit and demand deposits	85,085,171	790,188	
Money market funds	53,728,395	549,562	
Total deposits and investments	\$ 168,115,398	\$ 1,644,034	

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

I. Wayne County Employees' Retirement System Defined Benefit Plan

As of September 30, 2005 and 2004, the Plan's investments are classified as follows:

	2005	2004
Equity securities:		
Common stock	\$ 397,967,506	\$ 347,061,318
Equity mutual funds	199,407,621	177,285,196
Total Equity Securities	<u>597,375,127</u>	<u>524,346,514</u>
Debt securities:		
Corporate bonds	46,195,735	60,244,891
Asset-backed securities	32,504,227	31,633,861
Government agencies mortgage-backed securities	38,503,852	59,154,166
Government agencies bonds	17,632,680	10,949,163
U.S. government bonds	14,400,982	15,416,843
U.S. Treasury bills	4,101,736	-
Commercial mortgage-backed securities	2,928,498	-
Bond mutual funds	3,008,764	2,266,660
Total Debt Securities	<u>159,276,474</u>	<u>179,665,584</u>
Money market funds:		
A1+ rating from Standard & Poor's, weighted average maturity of 37 days	<u>\$ 63,412,269</u>	<u>\$ 54,170,525</u>
Other investments:		
Real estate investment trusts	\$ 75,208,333	\$ 103,649,444
Investments in partnerships (net of valuation allowance of \$1,000,000 in 2005 and 2004)	<u>88,990,701</u>	<u>85,962,941</u>
Total Other Investments	<u>164,199,034</u>	<u>189,612,385</u>
Total Investments	<u><u>\$ 984,262,904</u></u>	<u><u>\$ 947,795,008</u></u>

The Plan's investments are subject to several types of risk, which are discussed in more detail below.

Custodial Credit Risk of Investments – At year-end, none of the Plan's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

The Plan does not have a formal policy for deposit or investment custodial credit risk.

Concentration of Credit Risk – Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the Plan is prohibited by Public Act 314 of 1965, as amended, from investing in more than 5% of the outstanding obligations of any one issuer or investing more than 5% of a system's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority. As of September 30, 2005, there were no investments that exceeded five percent or more of the Plan's total investments.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments and interest rate risk information for the Plan as of September 30, 2005 are as follows:

	Fair Value	Maturity Dates			
		1 Year or Less	1 to 5 Years	5 to 10 Years	More than 10 Years
Corporate bonds (grouped by S&P ratings):					
AAA rating	\$ 1,931,359	\$ -	\$ -	\$ 1,931,359	\$ -
AA rating	624,897	-	624,897	-	-
A+ rating	6,455,479	1,302,356	2,728,255	2,424,868	-
A rating	7,403,637	-	5,128,792	1,754,108	520,737
A- rating	5,069,943	-	2,119,528	1,925,059	1,025,356
BBB+ rating	9,436,769	-	3,433,616	5,302,283	700,870
BBB rating	9,149,115	2,139,634	5,964,274	1,045,207	-
BBB- rating	3,900,124	-	2,551,813	1,348,311	-
BB+ rating	1,873,141	-	926,200	946,941	-
BB- rating	351,271	-	351,271	-	-
	<u>46,195,735</u>	<u>3,441,990</u>	<u>23,828,646</u>	<u>16,678,136</u>	<u>2,246,963</u>
Asset-backed securities:					
AAA rating from Standard & Poor's	12,182,371	-	5,247,592	5,672,326	1,262,453
Aaa rating from Moody's	321,856	-	321,856	-	-
Unrated	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
	<u>32,504,227</u>	<u>-</u>	<u>5,569,448</u>	<u>25,672,326</u>	<u>1,262,453</u>
Government agencies mortgage-backed securities:					
AAA rating from Standard & Poor's	38,503,852	-	474	625,420	37,877,958
Government agencies bonds:					
AAA rating from Standard & Poor's	17,632,680	3,469,272	13,667,313	496,095	-
U.S. government bonds:					
AAA rating from Standard & Poor's	14,400,982	-	5,110,682	2,437,277	6,853,023
U.S. Treasury bills	4,101,736	4,101,736	-	-	-
Commercial mortgage-backed securities:					
AAA rating from Standard & Poor's	<u>2,928,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,928,498</u>
	<u>\$ 156,267,710</u>	<u>\$ 11,012,998</u>	<u>\$ 48,176,563</u>	<u>\$ 45,909,254</u>	<u>\$ 51,168,895</u>
Bond mutual funds:					
AA+ rating from S&P, weighted average maturity of 3.9 years	<u>3,008,764</u>				
	<u>\$ 159,276,474</u>				

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

II. Wayne County Circuit Court Commissioners Bailiffs' Retirement System

As of September 30, 2005 and 2004, the Plan's investments are classified as follows:

	<u>2005</u>	<u>2004</u>
Debt securities:		
Government agencies mortgage-backed securities:		
AAA rating from Standard & Poor's, maturities greater than 10 years	\$ 89,514	\$ 118,984
Government agencies bonds:		
Canada, AA rating from Standard & Poor's, maturities between 5 and 10 years	<u>36,460</u>	<u>37,589</u>
Total Debt Securities	125,974	156,573
Equity securities:		
Bond mutual funds	4,497,549	3,991,798
Money market funds:		
A1+ rating from S&P, weighted average maturity of 37 days	<u>67,496</u>	<u>31,114</u>
Total Investments	<u>\$ 4,691,019</u>	<u>\$ 4,179,485</u>

The Plan's investments are subject to several types of risk, which are discussed in more detail below.

Custodial Credit Risk of Investments – At year-end, none of the Plan's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

The Plan does not have a formal policy for deposit or investment custodial credit risk.

Concentration of Credit Risk – Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the Plan is prohibited by Public Act 314 of 1965, as amended, from investing in more than 5% of the outstanding obligations of any one issuer or investing more than 5% of a system's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority.

As of September 30, 2005, there were no investments that exceeded five percent or more of the Plan's total investments, other than investments in registered investment companies or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments in debt securities and interest rate risk information for the Plan as of September 30, 2005 are identified in the preceding schedule.

III. Wayne County Employees' Retirement System Defined Contribution Plan

As of September 30, 2005 and 2004, the Plan's investments are classified as follows:

	<u>2005</u>	<u>2004</u>
Debt securities		
Bond mutual funds		
AA+ rating from Standard and Poor's, weighted average maturity of 3.9 years	\$ 1,892,574	\$ 391,986
Stable value fund		
A rating from Standard and Poor's, weighted average maturity of 3.2 years	<u>84,543,145</u>	<u>79,868,523</u>
Total debt securities	86,435,719	80,260,509
Equity securities		
Equity mutual funds	247,920,903	203,128,128
Participant loans receivable		
Unrated, weighted average maturity of 3.0 years	<u>28,293,414</u>	<u>25,439,841</u>
Total Investments	<u>\$ 362,650,036</u>	<u>\$ 308,828,478</u>

The Plan's investments are subject to several types of risk, which are discussed in more detail below.

Custodial Credit Risk of Investments – At year-end, none of the Plan's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Plan's name,
- Investments were held by a trustee in the Plan's name, or
- Investments were part of a mutual fund.

The Plan does not have a formal policy for deposit or investment custodial credit risk.

Concentration of Credit Risk – Other than obligations issued, assumed or guaranteed by the United States, its agencies or Untied States government sponsored enterprises, the Plan is prohibited by Public Act 314 of 1965, as amended, from investing in more than five

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

percent of the outstanding obligations of any one issuer or investing more than five percent of a system's assets in the obligations of any one issuer. The Plan places no limits in excess of statutory authority.

As of September 30, 2005, there were no investments that exceeded five percent or more of the Plan's total investments, other than investments in registered investment companies or investments issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

Credit Risk – In compliance with Public Act 314 of 1965, as amended, the Retirement Commission limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment options.

Interest Rate Risk – The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The credit quality ratings of investments in debt securities and interest rate risk information for the Plan as of September 30, 2005 are identified in the preceding schedule.

C. Component Units - Airport Authority

At year-end, the Airport Authority's cash and investment balances are significant in relation to the total component unit cash and investments, and to the County as a whole. See the essential policy and risk information about deposits and investments described below:

The investment policy adopted by the Authority, in accordance with Public Act 20 of 1948, as amended authorizes investments in U.S. Treasuries, agencies, and instrumentalities (date-specific maturities only), non-negotiable certificates of deposit, commercial paper (rated A2/P2 or above), bankers' acceptances, repurchase agreements, overnight deposits, or mutual funds. For overnight deposits, the treasurer may invest overnight or short-term liquid assets to cover cash flow requirements in the following types of pools: investment pools organized under the Surplus Funds Investment Pool Act of 1982 PA 367, MCL 129.111 to 129.118, or investment pools organized under the Urban Cooperation Act of 1967, PA 7, MCL 124.501 to 124.512. For mutual funds, the treasurer may invest in no-load fixed-income mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, either taxable or tax-exempt. This authorization is limited to mutual funds whose intent is to maintain a net asset value of \$1.00 per share.

Credit Risk – In compliance with State law, the Authority's investment policy limits investments of commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of year-end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Organization
All airport funds:			
Money market funds	\$ 15,829,690	AAA	S&P
Money market funds	6,955,693	Not Rated	PA 367 Fund
Commercial paper	297,079,483	A-1, P-1	S&P, Moody
Commercial paper	31,000,000	A-2, P-2	S&P, Moody

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority's investment policy requires that deposits over the \$100,000 insured limit in a commercial bank shall not equal more than 25% of the combined capital and surplus of that bank must meet minimum standards of at least one standard rating service. At year-end, the Authority had \$177,305,694 of bank deposits (certificates of deposit, checking and savings accounts) that were largely uninsured and uncollateralized. The Authority believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with acceptable estimated risk levels are used as depositories.

Custodial Credit Risk of Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that all investments not purchased directly from an issuer must be held in the name of the Authority, be purchased using the delivery versus payment procedure, and be held in third party safekeeping. At year-end, none of the Authority's investments were subject to custodial credit risk due to one of the following:

- Investments were held by a third-party safe-keeper in the Authority's name,
- Investments were held by the Authority's trustee in the Authority's name,
- Investments were part of a mutual fund.

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy addresses this risk by setting limits by investment fund type as follows:

<u>Fund/Fund Type</u>	<u>Maturity Maximum</u>
General Pool	1 Year
Bond Reserve	5 Years
Bond Payment and Capital Interest Funds	1 business day prior to bond payment date
Construction Funds	Must match draw schedule or less

Note: All commercial paper is limited by State statute to 270 days maximum.

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For the year ended September 30, 2005

	Fair value	Average maturity
Investments subject to interest rate risk:		
General pool:		
Commercial paper	\$ 31,000,000	15 days
Federal agencies	9,893,239	105 days
Bond reserves:		
U.S. Treasuries	158,457,058	1.1 years
Long-term repo	3,629,278	16.2 years
Bond payment funds:		
U.S. Treasuries	71,233,429	61 days
Capital interest funds:		
2003 Construction:		
U.S. Treasuries	18,081,325	154 days
2005 Construction:		
U.S. Treasuries	73,065,721	466 days
Construction funds:		
2003 Construction:		
Commercial paper	55,558,443	4 days
2005 Construction:		
Commercial paper	136,389,554	6 days
Federal agencies	136,727,840	1.2 years
Other construction and operating:		
Commercial paper	104,971,502	4 days
Hotel:		
Commercial paper	159,984	4 days
U.S. Treasuries	2,050,092	60 days
Investments subject to risk	801,217,465	
Deposits/investments not subject to interest rate risk:		
Deposits	177,305,694	
Money market funds	22,785,383	
Total deposits and investments	\$ 1,001,308,542	

Concentration of Credit Risk –Through its investment policy, the Authority places limits on the amount the Authority may invest in any one issuer, along with the minimal capital strength of those issuers. There are also limits as to the use of specific types of instruments, along with limits upon use of a single institution. These limits are as follows:

Limits using capital strength test – Maximum investment is 25% of combined capital and surplus position of that financial institution.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Limits based upon use of specific instruments –

Investment Type	Limit	Actual at Year-End
Bankers' acceptances	50%	0.0%
Repurchase agreements	25	0.4
Certificates of deposit (bank)	50	14.9
Certificates of deposit (savings and loan associations)	10	0.5
Money market funds	50	2.3
Commercial paper	60	32.8
U.S. government	100	46.9

Authority limits based on use of a single issuer –

Investment Type	Limit
Bankers' acceptances	25% of total portfolio
Repurchase agreement	10% of total portfolio
Certificates of deposit (bank)	33% of total portfolio
Certificates of deposit (S&L)	5% of total portfolio

Actual year-end investments in a single issuer exceeding 5% of total portfolio are as follows:

Issuer	Investment Type	Fair Value	Percentage of Portfolio	Rating
Total Capital	Commercial paper	\$ 198,532,145	19.83	A1+, P1
RABUSA	Commercial paper	90,413,957	9.03	A1+, P1
Comerica Bank	Certificates of deposit	50,236,308	5.02	A1, P1
Bank One	Certificates of deposit	60,294,778	6.02	A1+, P1

(5) Restricted Assets

In accordance with the terms of bond ordinances and for other purposes, certain sewage disposal systems, the Airport Authority, and certain drainage districts are required to restrict assets for various purposes. Net assets relating to certain of the restricted assets have been restricted.

Restricted assets on the government-wide Statement of Net Assets, totaling \$1.2 billion, represent those amounts that are pledged toward the payment of outstanding bonds and notes.

A summary of the restricted assets of the Sewage Disposal Systems, the Airport Authority, and Chapter 21 Drainage District, a non-major component unit, at September 30, 2005, follows:

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Sewage <u>Disposal Systems</u>	<u>Airport Authority</u>	Chapter 21 <u>Drainage District</u>	<u>Total</u>
Operations and maintenance				
Equity in pooled cash and investments	\$ -	-	(399,059)	\$ (399,059)
Other cash and investments	-	27,701,347	-	27,701,347
Accounts receivable	-	57,131	-	57,131
	-	27,758,478	(399,059)	27,359,419
Replacements and improvements				
Equity in pooled cash and investments	10,905,202	-	399,569	11,304,771
Other cash and investments	-	2,158,706	-	2,158,706
	10,905,202	2,158,706	399,569	13,463,477
Constructions				
Equity in pooled cash and investments	(11,443,327)	-	(510)	(11,443,837)
Other cash and investments	1,511,152	473,562,238	-	475,073,390
Accounts receivable	319,609	2,053,434	-	2,373,043
	(9,612,566)	475,615,672	(510)	466,002,596
Bond and interest redemption				
Equity in pooled cash and investments	32,903,444	-	258,126	33,161,570
Other cash and investments	-	332,090,291	-	332,090,291
Accounts receivable	12,854,597	2,859,817	-	15,714,414
	45,758,041	334,950,108	258,126	380,966,275
Bond principal due from municipalities	205,794,747	-		205,794,747
Passenger facilities charges				
Other cash and investments	-	82,873,522	-	82,873,522
Accounts receivable	-	7,030,676	-	7,030,676
	-	89,904,198	-	89,904,198
Drug enforcement				
Other cash and investments	-	2,545,323	-	2,545,323
Accounts receivable	-	6,413	-	6,413
	-	2,551,736	-	2,551,736
Total	\$ 252,845,424	932,938,898	258,126	\$ 1,186,042,448

Bonds principal due from municipalities is recorded upon the issuance of debt for construction of sewage facilities and systems. Such principal will be repaid by the benefited local communities in accordance with the debt service requirements of the County.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(6) Major Customer – Airport Authority Component Unit

Northwest Airlines, Inc. (Northwest) accounted for approximately 27 percent of total Airport Authority operating revenues for the year ended September 30, 2005, including approximately 61 percent of airport landing and related fees, approximately 69 percent of rental and expense recoveries and approximately 73 percent of facility use fees from tenants during fiscal year 2005. Approximately 65 percent of the total fiscal year 2005 enplanements are attributable to Northwest's operations. In the event Northwest discontinued its operations, there are no assurances that another airline would replace its hub activities.

Existing operating agreements with all signatory airlines serving the Airport Authority provide reasonable assurance that all remaining airlines would continue to pay the net operating costs and debt service requirements of the Authority. The Airport Authority had approximately \$6.8 million in net receivables from Northwest at September 30, 2005.

The airlines serving the Airport Authority have been impacted by global events and experienced an increase in cost and a resulting decline in financial condition to varying degrees. Several airlines have filed bankruptcy, including Northwest Airlines, Mesaba Airlines and Delta Airlines while US Airways emerged from bankruptcy during the fiscal year (FY). United Airlines also emerged from bankruptcy in FY 2006. Neither Northwest Airlines, Mesaba Airlines nor Delta Airlines has assumed or rejected its Airline Agreements; however, the three airlines continue to make payments owed to the Authority under their respective agreements.

It is reasonable to assume that any additional financial or operational difficulties incurred by Northwest, the predominant airline servicing the Airport, could have a material adverse effect on the Airport. Financial or operational difficulties by any of the other signatory airlines also may, whether directly or indirectly, have an adverse impact on Airport operations, the effect of which may be material.

(7) Long-term Receivables

In 1984, the County, through the EDC, entered into an agreement for the sale and leaseback of the Wayne County Building with the Old Wayne County Building Limited Partnership. The terms of the capital lease (Note 11) provide for the refurbishment and restoration of the building in return for a note from the Partnership for \$5.3 million, at 9%, per annum due and payable in 2028. The current value of the note is \$27,582,000. The note is a non-recourse obligation of the Partnership that is secured by the Wayne County building. The note requires minimum semi-annual payments of \$500,000.

The May 1999, the County, through the ELF Fund, acquired and leased back land for the Pinnacle Aeropark Project to the County's Pinnacle Fund. The lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. The note requires minimum semi-annual payments of \$299,741 through September 1, 2007 and increasing every two years thereafter from the County's Pinnacle Fund. The amount recorded in the fund statements on the long-term receivable and the capital lease payable at September 30, 2005 was \$31,551,721 (Note 11). These amounts were eliminated in the government-wide statements.

In September 2002, the County, through the ELF Fund, acquired and leased back all Golf Course Fund capital assets. A gain of \$1,984,870 was recognized in the Parks Fund, along with a corresponding long-term receivable from the ELF Fund, which will be amortized over three years. This lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

value of the future minimum lease payments as of the inception date. The lease requires minimum annual payments in the amount of \$727,550. The amount recorded in the fund statements on the long-term receivable and the capital lease payable at September 30, 2005 was \$13,161,404 (Note 11). These amounts were eliminated in the government-wide statements.

In September 2000 and 2001, the County, through the ELF Fund, acquired and leased back various items of equipment to the Circuit Court, under two five-year lease agreements with a total cost of \$4.6 and \$1.7 million, respectively. These agreements qualified as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date. The required minimum monthly lease payments amount to \$44,602 and \$33,640 respectively. The amount outstanding at September 30, 2005 of \$916,847 (Note 11) is reported as a long-term receivable and a capital lease payable in the ELF Fund and in the Circuit Court Fund, respectively.

(8) Capital Assets

Capital assets activity for the year ended September 30, 2005 was as follows:

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
<i>Governmental activities:</i>				
Non-depreciable capital assets:				
Land	\$ 550,035,960	1,043,648	-	\$ 551,079,608
Construction in progress	<u>26,682,967</u>	<u>15,225,981</u>	<u>(13,994,621)</u>	<u>27,914,327</u>
Total non-depreciable capital assets	<u>576,718,927</u>	<u>16,269,629</u>	<u>(13,994,621)</u>	<u>578,993,935</u>
Depreciable capital assets:				
Land improvements	12,826,390	-	-	12,826,390
Buildings and improvements	336,351,776	-	-	336,351,776
Machinery, equipment and vehicles	117,781,797	6,980,727	(1,624,926)	123,137,598
Infrastructure	<u>1,408,857,672</u>	<u>14,028,892</u>	<u>-</u>	<u>1,422,886,564</u>
Total depreciable capital assets	<u>1,875,817,635</u>	<u>21,009,619</u>	<u>(1,624,926)</u>	<u>1,895,202,328</u>
Accumulated depreciation:				
Land improvements	(8,127,612)	(449,889)	-	(8,577,501)
Buildings and improvements	(175,295,215)	(11,118,089)	-	(186,413,304)
Machinery, equipment and vehicles	(93,316,509)	(9,594,521)	1,742,737	(101,168,293)
Infrastructure	<u>(847,859,592)</u>	<u>(44,328,162)</u>	<u>-</u>	<u>(892,187,754)</u>
Total accumulated depreciation	<u>(1,124,598,928)</u>	<u>(65,490,661)</u>	<u>1,742,737</u>	<u>(1,188,346,852)</u>
Total depreciable capital assets, net	<u>751,218,707</u>	<u>(44,481,042)</u>	<u>117,811</u>	<u>706,855,476</u>
Total governmental activities capital assets, net	<u>\$ 1,327,937,634</u>	<u>(28,211,413)</u>	<u>(13,876,810)</u>	<u>\$ 1,285,849,411</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Legislative	\$ 11,518
Judicial	229,775
General government	7,563,806
Public safety	5,249,295
Public works	97,964
Highways, streets and bridges	50,665,049
Health and welfare	283,324
Recreational and cultural	<u>1,236,241</u>
Total depreciation expense - governmental activities	<u>\$ 65,336,972</u>

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the governmental capital assets.

	Beginning <u>Balance</u>	<u>Primary Government</u>		Ending <u>Balance</u>
		<u>Increases</u>	<u>Decreases</u>	
<i>Business-type activities:</i>				
Downriver Sewage Disposal System:				
Non-depreciable capital assets:				
Land	\$ 2,426,717	-	-	\$ 2,426,717
Construction in progress	<u>865,735</u>	<u>717,185</u>	-	<u>1,582,920</u>
Total non-depreciable capital assets	<u>3,292,452</u>	<u>717,185</u>	-	<u>4,009,637</u>
Depreciable capital assets:				
Land improvements	150,033	-	-	150,033
Buildings and improvements	18,831,325	-	-	18,831,325
Machinery, equipment and vehicles	304,896	240,850	-	545,746
Infrastructure	<u>349,260,673</u>	<u>-</u>	<u>(55,070)</u>	<u>349,205,603</u>
Total depreciable capital assets	<u>368,546,927</u>	<u>240,850</u>	<u>(55,070)</u>	<u>368,732,707</u>
Accumulated depreciation:				
Land improvements	(137,788)	(859)	-	(138,647)
Buildings and improvements	(16,027,733)	(256,277)	-	(16,284,010)
Machinery, equipment and vehicles	(147,124)	(41,021)	-	(188,145)
Infrastructure	<u>(68,193,295)</u>	<u>(13,616,220)</u>	<u>-</u>	<u>(81,809,515)</u>
Total accumulated depreciation	<u>(84,505,940)</u>	<u>(13,914,377)</u>	<u>-</u>	<u>(98,420,317)</u>
Total depreciable capital assets, net	<u>284,040,987</u>	<u>(13,673,527)</u>	<u>(55,070)</u>	<u>270,312,390</u>
Total Downriver Sewage Disposal capital assets, net	<u>\$ 287,333,439</u>	<u>(12,956,342)</u>	<u>(55,070)</u>	<u>\$ 274,322,027</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning	<u>Primary Government</u>		Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Rouge Valley Sewage Disposal System:				
Non-depreciable capital assets:				
Land	\$ 1,448,847	-	-	\$ 1,448,847
Construction in progress	-	669,324	-	669,324
Total non-depreciable capital assets	<u>1,448,847</u>	<u>669,324</u>	<u>-</u>	<u>2,118,171</u>
Depreciable capital assets:				
Buildings and improvements	9,019,540	-	-	9,019,540
Machinery, equipment and vehicles	-	12,500	-	12,500
Infrastructure	<u>116,876,270</u>	<u>-</u>	<u>-</u>	<u>116,876,270</u>
Total depreciable capital assets	<u>125,895,810</u>	<u>12,500</u>	<u>-</u>	<u>125,908,310</u>
Accumulated depreciation:				
Buildings and improvements	(4,332,948)	(277,183)	-	(4,610,131)
Machinery, equipment and vehicles	-	(446)	-	(446)
Infrastructure	<u>(31,169,654)</u>	<u>(1,654,032)</u>	<u>-</u>	<u>(32,823,686)</u>
Total accumulated depreciation	<u>(35,502,602)</u>	<u>(1,931,661)</u>	<u>-</u>	<u>(37,434,263)</u>
Total depreciable capital assets, net	<u>90,393,208</u>	<u>(1,919,161)</u>	<u>-</u>	<u>88,474,047</u>
Total Rouge Valley Sewage Disposal System capital assets, net	<u>\$ 91,842,055</u>	<u>(1,249,837)</u>	<u>-</u>	<u>\$ 90,592,218</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning	<u>Primary Government</u>		Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
CSO Basins Sewage Disposal System:				
Non-depreciable capital assets:				
Construction in progress	\$ -	-	-	\$ -
Total non-depreciable capital assets	-	-	-	-
Depreciable capital assets:				
Buildings and improvements	83,479,413	33,211	-	83,512,624
Machinery, equipment and vehicles	7,830	13,352	-	21,182
Infrastructure	<u>3,363,652</u>	-	-	<u>3,363,652</u>
Total depreciable capital assets	<u>86,850,895</u>	<u>46,563</u>	-	<u>86,897,458</u>
Accumulated depreciation:				
Buildings and improvements	(17,912,412)	(3,385,985)	-	(21,298,397)
Machinery, equipment and vehicles	(2,610)	(2,011)	-	(4,621)
Infrastructure	<u>(339,139)</u>	<u>(135,933)</u>	-	<u>(475,072)</u>
Total accumulated depreciation	<u>(18,254,161)</u>	<u>(3,523,929)</u>	-	<u>(21,778,090)</u>
Total depreciable capital assets, net	<u>68,596,734</u>	<u>(3,477,366)</u>	-	<u>65,119,368</u>
Total CSO Basins Sewage Disposal System capital assets, net	<u>\$ 68,596,734</u>	<u>(3,477,366)</u>	-	<u>\$ 65,119,368</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning	<u>Primary Government</u>		Ending
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<i>Non-major business-type activities:</i>				
Non-depreciable capital assets:				
Land	\$ 1,433,719	-	-	\$ 1,433,719
Construction in progress	<u>155,467</u>	-	-	<u>155,467</u>
Total non-depreciable capital assets	<u>1,589,186</u>	-	-	<u>1,589,186</u>
Depreciable capital assets:				
Buildings and improvements	9,960,574	-	-	9,960,574
Machinery, equipment and vehicles	267,710	-	-	267,710
Infrastructure (Sewage disposal systems)	<u>1,052,873</u>	-	-	<u>1,052,873</u>
Total depreciable capital assets	<u>11,281,157</u>	-	-	<u>11,281,157</u>
Accumulated depreciation:				
Buildings and improvements	(4,949,321)	(318,226)	-	(5,267,547)
Machinery, equipment and vehicles	(104,489)	(54,005)	-	(158,494)
Infrastructure (sewage disposal systems)	<u>(329,831)</u>	<u>(13,247)</u>	-	<u>(343,078)</u>
Total accumulated depreciation	<u>(5,383,641)</u>	<u>(385,478)</u>	-	<u>(5,769,119)</u>
Total depreciable capital assets, net	<u>5,897,516</u>	<u>(385,478)</u>	-	<u>5,512,038</u>
Total non-major business-type activity capital assets, net	<u>7,486,702</u>	<u>(385,478)</u>	-	<u>7,101,224</u>
Grand total business-type activity capital assets, net	<u>\$ 455,258,930</u>	<u>(18,069,023)</u>	<u>(55,070)</u>	<u>\$ 437,134,837</u>

Depreciation expense was charged to the funds of the primary government as follows:

Business-type activities:	
Sewage Disposal Systems (includes non-major activities)	\$ 18,667,626
Jail Commissary	<u>52,777</u>
Total depreciation expense - business-type activities	<u>\$ 18,720,403</u>

Construction in progress involves various Sewage Disposal System improvements. The costs expected to be incurred to complete these projects are estimated at \$5.4 million. These projects are expected to be funded by future contributions from federal grants, participating local governmental units, and assets restricted for improvements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Discretely presented component units

Capital assets activity for the year ended September 30, 2005 as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Authority:				
Non-depreciable capital assets:				
Land	\$ 170,023,443	-	-	\$ 170,023,443
Construction in progress	<u>51,590,507</u>	<u>113,278,303</u>	<u>(12,440,936)</u>	<u>152,427,874</u>
Total non-depreciable capital assets	<u>221,613,950</u>	<u>113,278,303</u>	<u>(12,440,936)</u>	<u>322,451,317</u>
Depreciable capital assets:				
Buildings and improvements	1,515,086,813	8,495,662	(261,400)	1,523,321,075
Airport paving	643,875,469	3,243,445	-	647,118,914
Airport systems	296,538,539	2,713,630	-	299,252,169
Machinery, equipment and vehicles	47,498,786	3,716,945	(2,462,643)	48,753,088
Infrastructure	<u>191,817,779</u>	<u>1,323,248</u>	<u>(2,203,222)</u>	<u>190,937,805</u>
Total depreciable capital assets	<u>2,694,817,386</u>	<u>19,492,930</u>	<u>(4,927,265)</u>	<u>2,709,383,051</u>
Accumulated depreciation:				
Buildings and improvements	(285,453,088)	(62,532,879)	261,400	(347,724,567)
Airport paving	(295,023,387)	(19,988,992)	-	(315,012,379)
Airport systems	(167,669,755)	(10,859,263)	-	(178,529,018)
Machinery, equipment and vehicles	(37,372,973)	(3,385,096)	2,333,568	(38,424,501)
Infrastructure	<u>(33,416,454)</u>	<u>(6,865,676)</u>	<u>-</u>	<u>(40,282,130)</u>
Total accumulated depreciation	<u>(818,935,657)</u>	<u>(103,631,906)</u>	<u>2,594,968</u>	<u>(919,972,595)</u>
Total depreciation capital assets, net	<u>1,875,881,729</u>	<u>(84,138,976)</u>	<u>(2,332,297)</u>	<u>1,789,410,456</u>
Total Airport Authority capital assets, net	<u>\$ 2,097,495,679</u>	<u>29,139,327</u>	<u>(14,773,233)</u>	<u>\$ 2,111,861,773</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Circuit Court:				
Non-depreciable capital assets:				
Land	\$ 4,007,639	-	-	\$ 4,007,639
Total non-depreciable capital assets	4,007,639	-	-	4,007,639
Depreciable capital assets:				
Land improvements	119,400	-	-	119,400
Buildings and improvements	3,057,666	-	-	3,057,666
Machinery, equipment and vehicles	9,101,564	76,971	-	9,178,535
Total depreciable capital assets	12,278,630	76,971	-	12,355,601
Accumulated depreciation:				
Land improvements	(98,546)	(4,477)	-	(103,023)
Buildings and improvements	(3,057,665)	-	-	(3,057,665)
Machinery, equipment and vehicles	(7,756,881)	(235,825)	-	(7,992,706)
Total accumulated depreciation	(10,913,092)	(240,302)	-	(11,153,394)
Total depreciation capital assets, net	1,365,538	(163,331)	-	1,202,207
Total Circuit Court capital assets, net	\$ 5,373,177	(163,331)	-	\$ 5,209,846

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Non-major component units:				
Non-depreciable capital assets:				
Land	\$ 81,983,744	-	-	\$ 81,983,744
Construction in progress	<u>487,705</u>	<u>1</u>	<u>-</u>	<u>487,706</u>
Total non-depreciable capital assets	<u>82,471,449</u>	<u>1</u>	<u>-</u>	<u>82,471,450</u>
Depreciable capital assets:				
Land improvements	13,852,326	-	-	13,852,326
Buildings and improvements	702,268,237	61	(65)	702,268,233
Infrastructure	62,732,261	-	-	62,732,261
Machinery, equipment and vehicles	<u>26,109,551</u>	<u>109,346</u>	<u>(15,330)</u>	<u>26,203,567</u>
Total depreciable capital assets	<u>804,962,375</u>	<u>109,407</u>	<u>(15,395)</u>	<u>805,056,387</u>
Accumulated depreciation:				
Land improvements	(2,466,052)	(702,150)	-	(3,168,202)
Buildings and improvements	(111,815,582)	(28,356,148)	-	(140,171,730)
Infrastructure	(28,659,138)	(2,094,835)	-	(30,753,973)
Machinery, equipment and vehicles	<u>(8,105,365)</u>	<u>(3,435,060)</u>	<u>5,110</u>	<u>(11,535,315)</u>
Total accumulated depreciation	<u>(151,046,137)</u>	<u>(34,588,193)</u>	<u>5,110</u>	<u>(185,629,220)</u>
Total depreciation capital assets, net	<u>653,916,238</u>	<u>(34,478,786)</u>	<u>(10,285)</u>	<u>619,427,167</u>
Total non-major component units capital assets, net	<u>736,387,687</u>	<u>(34,478,785)</u>	<u>(10,285)</u>	<u>701,898,617</u>
Grand total discretely presented component units capital assets, net	<u>\$ 2,839,256,543</u>	<u>(5,502,789)</u>	<u>(14,783,518)</u>	<u>\$ 2,818,970,236</u>

Depreciation expense was charged in the component unit funds as follows:

Airport Authority	\$ 103,631,906
Circuit Court	240,302
Probate Court	135,131
Chapter 21 Drains	1,282,000
Stadium Authority	31,580,994
Chapter 20 Drains	1,387,463

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

For the year ended September 30, 2005, the amount of interest capitalized for discretely presented component units was \$4.6 million.

Fiduciary Funds

Capital assets activity for the year ended September 30, 2005 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Depreciable capital assets:				
Machinery, equipment and vehicles	\$ 4,087,408	-	-	\$ 4,087,408
Total non-depreciable capital assets	<u>4,087,408</u>	-	-	<u>4,087,408</u>
Accumulated depreciation:				
Machinery, equipment and vehicles	<u>(3,859,337)</u>	<u>(81,480)</u>	-	<u>(3,940,817)</u>
Total accumulated depreciation	<u>(3,859,337)</u>	<u>(81,480)</u>	-	<u>(3,940,817)</u>
Total depreciation capital assets, net	<u>228,071</u>	<u>(81,480)</u>	-	<u>146,591</u>
Total fiduciary capital assets, net	<u>\$ 228,071</u>	<u>(81,480)</u>	-	<u>\$ 146,591</u>

(9) Property Taxes

County Tax Levy

The County property tax is levied each December 1 (lien date). Historically, pursuant to the County Charter and State law, the County has levied an ad valorem property tax against the State Equalized Valuation (SEV), based on property values determined by local assessors in the several townships and cities as of the preceding December 31. By statute, these assessment values are calculated at 50 percent of true cash value. Real and personal property in Wayne County for the December 1, 2004 (fiscal year 2005) levy was equalized at \$60.2 billion.

In 1994, Michigan voters approved Proposal A, which limits future annual increases in assessed values to the lesser of 5 percent or the rate of inflation, with assessed value reverting to 50 percent of true cash value when the property is sold. Beginning in 1995, taxable property had two valuations: SEV and Taxable Value, with property taxes calculated upon the Taxable Value of real and personal property. Generally, Taxable Value is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate or 5 percent, plus additions, or (b) the property's current SEV. Therefore, Taxable Value of a property may be different from the same property's SEV. As of December 1, 2004 (fiscal year 2005), the Taxable Value of property in Wayne County was \$45.9 billion. County property taxes are receivable beginning in December 1 levy date and become delinquent on March 1 of the following year.

In addition, Michigan Public Act 357 of 2004, which requires a gradual shift of County property tax levies from winter to summer as a substitute to county revenue sharing, resulted in an additional tax levy on July 1, 2005. This levy was one-third of the milage rate times the 2005 taxable values of \$48,309,100,039. In accordance with Public Act 357, the County recorded a transfer of one-third of the December 2004 general operating levy, or \$81,163,407 from the General Fund, to the newly

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

created Revenue Sharing Reserve Fund, a Special Revenue Fund. The County also transferred \$71,786,924 from the Revenue Sharing Reserve Fund to the General Fund to replace State Revenue Sharing payments and to cover shortfalls created by the cessation of these payments and the implementation of Public Act 357. The remaining two-thirds of the 2005 levy will be levied on December 1, 2005, the 2006 levy will be levied two-thirds on July 1, and one-third on December 1, and the 2007 and thereafter levies will all be shifted to July 1.

By statute, the County's ad valorem property tax rate may not exceed 10.0 mills, plus any additional millage is authorized by statute and as approved by the voters of the County. The County Charter, as approved by the electorate on November 3, 1981, established 8.93 mills to be the maximum rate for general operating purposes.

In 1988, the Wayne County electorate voted one additional mill (jail millage) to be levied through December 1, 1997, to acquire, construct, and/or operate jail, misdemeanor, juvenile incarceration or detention facilities; and for adult-penalty options such as work release, home detention, and community restitution, with at least one-tenth of a mill set aside to acquire, build, and operate a juvenile offender work/training institution. The unexpended portion of this one-tenth millage is included in the Youth Services Funds' fund balance. In 2002, the Wayne County electorate voted to continue this one additional mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2002 through 2011.

In 1990, the voters of Wayne County approved an additional 1 mill for general operating purposes to be levied through December 1, 1999, for general operating purposes. In 2000, the Wayne County electorate voted to continue the additional one mill for operating (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2000 through 2009.

In 1996, the voters of Wayne County approved an additional quarter-mill to be levied through December 1, 2000, to fund operations and major improvements in the Wayne County Park System and historic Fort Wayne. In 2000, the Wayne County electorate voted to continue the additional quarter-mill (as reduced by the Headlee requirements of the Michigan Constitution) for the years 2001 through 2005.

In 1976 Headlee Amendment (Michigan Constitution, Article IX) provides that the total County ad valorem property tax levy is subject to reduction in any year in which the increase in assessed (or taxable) values on existing properties exceeds the Consumer Price Index. As a result of the Headlee Amendment, the December 1, 2003 tax rates, per \$1000 of Valuation, were:

Charter (Statutory)	5.6483
Public Safety (Jail millage)	0.9381
Extra Voted (Additional general)	0.9529
County Parks	0.2459
Soldiers Relief (Veteran's relief)	<u>0.0368</u>
Total	<u><u>7.8220</u></u>

Delinquent Tax Revolving Fund

The Wayne County Treasurer (Treasurer) is required by the General Property Tax Law, (Act 206 of 1983) as amended, to collect delinquent real property taxes levied by all local units of government within the County. Public Act 123 of 1999 (the Act) amended the General Property Tax Law to subject tax delinquent property to expedite forfeiture, foreclosure, and sale over a two-year period. All property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remain

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For the year ended September 30, 2005

unpaid after the property is returned as delinquent to the County Treasurer, is subject to forfeiture, foreclosure, and sale for the enforcement and collection of the delinquent taxes. The Act reformed the tax reversion process by shortening the process to two years and amending the May Tax Sale process. The Act also established the primary responsibility for administration with the Treasurer.

In addition, under the Act, the Treasurer pays the local governmental unit's Treasurer in full for delinquent real property taxes owed according to the delinquent tax roll "returned" to the Treasurer. Taxes eligible for payment under this section include all delinquent taxes, except taxes on personal property, due and payable to the taxing authorities in the County. The County Treasurer is then responsible for the collection of all outstanding delinquent taxes, due to the County, local school district, intermediate school district, community college district, city, township, special assessment district, or any other taxing authority. The County retains all interest and penalties generated by the delinquent taxes to offset its tax collection costs.

Effective March 1, 2004, payment of delinquent real property taxes for the City of Detroit changed pursuant to Michigan Public Act 246. The Act now requires the City of Detroit to become a part of the uniform state property tax collection process, and change the Wayne County Treasurer's responsibility to include collection of delinquent City of Detroit property taxes.

The General Property Tax Law authorized the Treasurer to establish a Delinquent Tax Revolving Fund, an enterprise fund, to buy any or all delinquent real property taxes and special assessments owed to the County and taxing authorities in the County. The assets of the Delinquent Tax Revolving Fund, including delinquent property taxes receivable amounting to \$127.8 million at September 30, 2005, are pledged as collateral for payment of the General Obligation Limited Tax Notes. Proceeds of the notes are used to liquidate amounts due to the County's General Fund, other County funds, the communities, and other governmental agencies for the purchase of the delinquent real property taxes receivable. Debt service on the notes is funded by subsequent collections on delinquent taxes, plus interest and collection fees thereon, and by investment earnings.

In July 2005 in connection with the purchase of 2004 delinquent property taxes, the County issued \$82.1 and \$59.3 million of General Obligation Limited Tax Notes, Series 2005A and 2005B, to cover delinquent taxes for the City of Detroit and state and local school taxes within the City of Detroit. These notes mature on July 7, 2007 and July 13, 2007. Interest on the notes shall be payable monthly at a variable interest rate (3.4025% and 3.4425% on the date of issuance) equal to the sum of eight basis points (0.08%) per annum plus the Eurodollar Base Rate. Amounts remaining from the 2002 and prior Delinquent Tax Funds at September 30, 2005 are no longer required for debt service or administration. A portion of the excess earnings (surpluses) relating to these funds are periodically transferred to the County's General Fund. During 2005, such transfers amounted to \$21.0 million.

Real property taxes not collected within three years after the sale of the related General Obligation Limited Tax Notes are charged back to the appropriate taxing authorities (including the County's General Fund). During 2005, approximately \$1.5 million of delinquent taxes receivable, net of related tax sales auction proceeds, were reflected as a reduction of property tax revenues in the County's General Fund. At September 30, 2005, two years of the County's delinquent real property taxes receivable are recorded in the Delinquent Tax Revolving Fund.

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For the year ended September 30, 2005

(10) Interfund Transfers, Balances and Advances

Interfund Transfers

Interfund transfers are used to 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due, and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended September 30, 2005 consisted of the following:

		Transfers Out						
					Revenue Sharing Reserve	Non-major Governmental Funds	Delinquent Tax Revolving	Total Transfers In
		<u>General Fund</u>	<u>Roads</u>	<u>Mental Health</u>				
Transfers In	General Fund	\$ -		5,986,998		71,786,924	21,000,000	\$ 98,773,922
	Roads	-	-	-	-	-	-	-
	Mental Health	17,733,700	-	-	-	-	-	17,733,700
	Health	8,749,190	-	-	-	-	-	8,749,190
	Juvenile Just and Abuse/Neglect	87,485,070		6,895,811	-	3,583,500	-	97,964,381
	Revenue Sharing Reserve	81,163,407	-	-	-	-	-	81,163,407
	Non-major Governmental Funds	18,824,752	5,939,109	-	-	-	-	24,763,861
	Delinquent Tax Revolving	-	-	-	-	-	-	-
	Internal Service Funds	-	-	-	-	-	-	-
	Component Units	-	-	-	-	-	-	-
Total Transfers Out		\$ 213,956,119	5,939,109	12,882,809	-	75,370,424	21,000,000	\$ 329,148,461

During the year, a transfer of \$21,000,000 was made from the Delinquent Tax Revolving Fund to the General Fund (Note 9).

In accordance with Public Act 357, the County's General Fund transferred \$81,163,407, equivalent to one third of its December 2004 general fund operating levy, to the Revenue Sharing Reserve Fund, a non-major governmental fund. The County also transferred \$71,786,924 from the Revenue Sharing Reserve Fund to the General Fund to replace State Revenue Sharing payments and to cover shortfalls created by the cessation of these payments and the implementation of Public Act 357.

Interfund Balances

The interfund balances resulted from overdrafts by individual funds of their share of pooled cash and from the time lag between the dates 1) interfunds goods and services are provided or reimbursable

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Notes to the Basic Financial Statements

For the year ended September 30, 2005

expenditures occur, 2) transactions are recorded in the accounting systems, and 3) payment between funds are made. At September 30, 2005, certain interfund balances related to overdrafts of pooled cash consisted of amounts from other funds that have not been repaid within one year. The longer term nature of these interfunds could result in the fund balances not being available for future appropriation in certain governmental funds, including the General Fund.

Interfund balances at September 30, 2005 consisted of the following:

		Due from Other Funds						
		<u>General Fund</u>	<u>Roads</u>	<u>Mental Health</u>	<u>Health</u>	<u>Juvenile Justice and Abuse/Neglect</u>	<u>Non-major Government Funds</u>	<u>Downriver Sewage Disposal System</u>
Due to Other Funds	General Fund	\$ -	9,691,748	-	3,413,387	37,502,742	18,628,385	6,346
	Roads	-	-	-	-	-	-	-
	Mental Health	72,182,560	-	-	-	-	73	-
	Health	-	-	-	-	-	-	-
	Juvenile Justice and Abuse/Neglect	-	-	-	-	-	-	-
	Non-major Governmental Funds	9,748,249	-	-	-	-	2,609,693	-
	Downriver Sewage Disposal System	-	-	-	-	-	-	-
	Rouge Valley Sewage Disposal System	1,183,827	-	-	-	-	-	-
	CSO Basins Sewage Disposal System	-	-	-	-	-	-	-
	Delinquent Tax Revolving	29,197,004	-	-	-	-	75,461	-
	Non-major Enterprise Funds	-	-	-	-	-	-	-
	Internal Service Funds	986,183	295,015	60,176	69,182	86,201	201,182	27,855
	Fiduciary Funds	178,589	47,268	9,535	11,481	15,491	27,161	4,502
	Total Due to Other Funds	<u>\$ 113,476,412</u>	<u>10,034,031</u>	<u>69,711</u>	<u>3,494,050</u>	<u>37,604,434</u>	<u>21,541,955</u>	<u>38,703</u>

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Notes to the Basic Financial Statements

For the year ended September 30, 2005

Due from Other Funds							
	CSO Basins						
	Sewage Disposal System	Delinquent Tax Revolving	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due from Other Funds	
General Fund	-	25,130	1,183,827	8,902,358	27,683	\$ 79,381,606	
Roads	-	-	-	-	-	-	-
Mental Health	-	-	-	-	-	72,182,633	
Health	-	-	-	-	-	-	-
Juvenile Justice and Abuse/Neglect	-	-	-	-	-	-	-
Non-major Governmental Funds	-	-	-	1,950,442	-	14,308,384	
Downriver Sewage Disposal System	-	-	-	-	-	-	-
Rouge Valley Sewage Disposal System	-	-	-	-	-	1,183,827	
CSO Basins Sewage Disposal System	-	-	-	-	-	-	-
Delinquent Tax Revolving	-	-	-	-	-	29,272,465	
Non-major Enterprise Funds	-	-	-	-	-	-	-
Internal Service Funds	196,828	4,147	-	202,492	9,232	2,138,493	
Fiduciary Funds	-	850	-	41,198	1,277	337,352	
Total Due to Other Funds	<u>196,828</u>	<u>30,127</u>	<u>1,183,827</u>	<u>11,096,490</u>	<u>38,192</u>	<u>\$ 198,804,760</u>	

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

		Due from Component Units			
				Non-Major Component Units	Total Due from Component Units
		<u>Airport Authority</u>	<u>Circuit Court</u>	<u>Units</u>	<u>Units</u>
Due to Primary Government	Governmental Activities:				
	General Fund	\$ 9,000	47,754,138	15,189	\$ 47,778,327
	Roads	948,734	-	-	948,734
	Mental Health	-	-	-	-
	Non-major Governmental Funds	70,415	-	4,157,237	4,227,652
	Internal Service Funds	-	278,813	40,523	319,336
	Total Due to Primary Government				
	- Governmental Activities	1,028,149	48,032,951	4,212,949	53,274,049
	Downriver Sewage Disposal System	16,895	-	21,796	38,691
	Rouge Valley Sewage Disposal System	-	-	-	-
	Total Due to Primary Government				
	- Business-type Activities	16,895	-	21,796	38,691
	Total Due to Primary Government	<u>\$ 1,045,044</u>	<u>48,032,951</u>	<u>4,234,745</u>	<u>\$ 53,312,740</u>
	Due to Fiduciary Funds	<u>\$ -</u>	<u>67,572</u>	<u>5,419</u>	<u>\$ 72,991</u>

For the year ended September 30, 2005, the principal amounts included in the \$48 million in interfunds between the Circuit Court Component Unit and the Primary Government General Fund consist of the borrowings to cover overdrafts for the Circuit Court's share of pooled cash.

		Due from Primary Government			
			Non-major Governmental	Total Due from Primary Government	
		<u>General Fund</u>	<u>Governmental</u>	<u>Government</u>	
Due to Component Units	Circuit Court	\$ -	499,110	\$	499,110
	Non-major Component Unit	14,288	-		14,288
	Total Due to Component Unit	<u>\$ 14,288</u>	<u>499,110</u>	<u>\$</u>	<u>513,398</u>

Advances To/From Other Funds

Advances represent non-current loans involving the transfer of cash between funds within the primary government where no goods were sold or services rendered, with the expectation of repayment from future revenues as funds are available. Loans between funds are treated as balance sheet transactions. The borrowing fund reports a liability and an increase in cash, and the lending fund reports a receivable and a decrease in cash. Interfund interest expense is charged on these loans based on a rate, which is determined by net earnings on investment income earned, by the County's pooled cash and

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Notes to the Basic Financial Statements

For the year ended September 30, 2005

investments. This rate is then allocated monthly to the various funds based on each fund's average cash and investment balance.

Non-current balances arising in connection with interfund loans are reported as advances. Advances to Other Funds is an asset account used to record non-current portions of loans from one fund to another fund within the same reporting entity. Similarly, Advances from Other Funds is a liability account used to record non-current portions of debt owed by one fund to another fund within the same reporting entity. Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that funds are not available for appropriation and are not expendable financial resources. Such advances are eliminated in the government-wide financial statements.

At September 30, 2005, the Delinquent Tax Revolving Fund advanced \$39,330,468 to the Equipment Lease Financing Fund.

Disaggregation of Receivable and Payable Balances

Significant receivable and payable balances from other governmental units at September 30, 2005 are as follows:

	Due From Other Governmental Units			
	State of <u>Michigan</u>	U.S. Federal <u>Government</u>	Local <u>Governments</u>	<u>Total</u>
General Fund	\$ 11,468,305	3,201,387	4,770,593	\$ 19,440,285
Roads	26,263,907	-	3,247,533	29,511,440
Mental Health	6,495,704	608,870	-	7,104,574
Health	4,245,857	74,137	242,513	4,562,507
Juvenile Justice and Abuse/Neglect	22,916,125	-	-	22,916,125
Non-major Governmental Funds	2,573,785	5,160,167	1,870,946	9,604,898
Internal Service Funds	-	-	2,563	2,563
Total Governmental Activities	<u>\$ 73,963,683</u>	<u>9,044,561</u>	<u>10,134,148</u>	<u>\$ 93,142,392</u>
Downriver Sewage Disposal System	\$ -	-	4,327,910	\$ 4,327,910
Rouge Valley Sewage Disposal System	-	-	6,284,960	6,284,960
CSO Basins Sewage Disposal System	-	-	1,106,817	1,106,817
Non-major Enterprise Funds	-	-	2,908,738	2,908,738
Total Business-type Activities	<u>\$ -</u>	<u>-</u>	<u>14,628,425</u>	<u>\$ 14,628,425</u>
Airport Authority	\$ -	14,498,532	-	\$ 14,498,532
Circuit Court	22,732,234	157,772	4,331	22,894,337
Non-major Component Units	5,945	80,413	1,431,914	1,518,272
Total Component Units	<u>\$ 22,738,179</u>	<u>14,736,717</u>	<u>1,436,245</u>	<u>\$ 38,911,141</u>

There are certain receivables from governmental activities, classified as current on the Government-wide Statement of Net Assets, that are not expected to be collected within one year. At September 30, 2005, there are approximately \$4.0 million of receivables from Federal, State, and various local municipalities that are not expected to be collected within one year. There is also approximately \$345,000 of contractor and other receivables that are not expected to be collected within one year. These amounts are included in deferred revenue as of September 30, 2005.

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Notes to the Basic Financial Statements

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	Due To Other Governmental Units			
	State of Michigan	U.S. Federal Government	Local Governments	Total
General Fund	\$ 6,998,083	-	-	\$ 6,998,083
Roads	7,402,839	-	3,108,031	10,510,870
Mental Health	5,911,806	-	-	5,911,806
Health	-	-	65,307	65,307
Total Governmental Activities	<u>\$ 20,312,728</u>	<u>-</u>	<u>3,173,338</u>	<u>\$ 23,486,066</u>
Downriver Sewage Disposal System	<u>\$ -</u>	<u>-</u>	<u>37,277</u>	<u>\$ 37,277</u>
Total Business-type Activities	<u>\$ -</u>	<u>-</u>	<u>37,277</u>	<u>\$ 37,277</u>
Airport Authority	\$ -	-	18,637	\$ 18,637
Circuit Court	2,815,446	-	6,225	2,821,671
Non-major Component Units	-	-	104,133	104,133
Total Component Units	<u>\$ 2,815,446</u>	<u>-</u>	<u>128,995</u>	<u>\$ 2,944,441</u>
Agency Funds	<u>\$ 1,431,963</u>	<u>1,800,589</u>	<u>713,146</u>	<u>\$ 3,945,698</u>
Total Fiduciary Funds	<u>\$ 1,431,963</u>	<u>1,800,589</u>	<u>713,146</u>	<u>\$ 3,945,698</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(11) Debt and Other Obligations

Changes in long-term liabilities for the year ended September 30, 2005, are summarized in the following tables. County debt is limited to 10.0 percent (or approximately \$6.0 billion) of State Equalized Value of property in the County at September 30, 2005.

	Beginning Balance	Additions	Reductions	Ending Balance	Principal Amounts Due within One Year
Governmental Activities:					
Bonds and notes payable:					
General obligation bonds:					
Wayne County Limited Tax General Obligation Fiscal					
Stabilization Bonds, 6.1% to 6.8%, due serially to 2010	\$ 28,597,114	-	(6,011,152)	22,585,962	\$ 5,598,903
Wayne County Building Authority, Series 1994A					
Refunding Bonds, 2.8% to 6.125%, due serially to 2015	69,471,000	-	(6,698,000)	62,773,000	7,070,000
Wayne County Building Authority - Limited Tax General					
Obligation Capital Improvement Bonds, Series					
1996A, 4.00% to 6.50%, due serially to 2016	33,515,000	-	(2,005,000)	31,510,000	2,130,000
Michigan Municipal Bond Authority Local Government					
Loan Program General Obligation Bonds					
(Equipment and Real Property Financing Program),					
Series 2003B, 4.30%, due serially through 2024	13,740,000	-	(465,000)	13,275,000	515,000
Michigan Transportation Fund Bonds (due serially):					
Series 1998, 4.00% to 5.25%, due 2012	22,430,000	-	(2,045,000)	20,385,000	2,145,000
Michigan Transportation Fund Bonds (due serially):					
Series 1999, 4.0% to 5.3%, due 2013	22,270,000	-	(1,775,000)	20,495,000	1,860,000
Subtotal General obligation bonds	190,023,114	-	(18,999,152)	171,023,962	19,318,903
Bond discount	(3,459,830)	462,782	-	(2,997,048)	(462,782)
Deferred amount on refunding	(2,708,514)	186,794	-	(2,521,720)	(186,794)
Total General obligation bonds	183,854,770	649,576	(18,999,152)	165,505,194	18,669,327
Revenue bonds:					
Michigan Municipal Bond Authority Local Government					
Loan Program Revenue Bonds (Equipment					
and Real Property Financing Program), Series					
1990-F and B, 6.55%, due serially through 2005	320,000	-	(155,000)	165,000	165,000
Warren Valley Golf Course obligations under					
Wayne County Building Authority Revenue					
Bonds, 3.50% to 6.825%, due serially to 2019	2,974,000	-	(132,000)	2,842,000	140,000
Total Revenue bonds	3,294,000	-	(287,000)	3,007,000	305,000
Total bonds payable	187,148,770	649,576	(19,286,152)	168,512,194	18,974,327

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Notes to the Basic Financial Statements

For the year ended September 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Principal Amounts Due within One Year</u>
Note payable:					
Series 2004, due 2006, interest at a discount basis customary for 7-day commercial paper (determined weekly)	133,500,000	-	(133,500,000)	-	-
Series 2005, due 2007, interest at a discount basis customary for 7-day paper (determined week) commercial	-	141,400,000	-	141,400,000	-
Wayne County General Obligation Fannie Mae Notes Payable due 2005	1,500,000	-	(500,000)	1,000,000	500,000
Capital Lease - Wayne County Building	<u>15,381,635</u>	<u>-</u>	<u>(1,326,988)</u>	<u>14,054,647</u>	<u>1,245,998</u>
Total notes and leases payable	<u>150,381,635</u>	<u>141,400,000</u>	<u>(135,326,988)</u>	<u>156,454,647</u>	<u>1,745,998</u>
Total bonds, notes, and leases payable	337,530,405	142,049,576	(154,613,140)	324,966,841	20,720,325
Other long-term obligations:					
State of Michigan Local Emergency Financial Assistance Loan Board, at an initial rate of 5.532%, adjusted annually	47,792,388	768,066	-	48,560,454	-
Claims, litigation, and assessments	20,058,249	15,588,564	(20,058,249)	15,588,564	-
Compensated absences	<u>29,735,817</u>	<u>28,437,975</u>	<u>(29,735,817)</u>	<u>28,437,975</u>	<u>28,437,975</u>
Total other long-term obligations	<u>97,586,454</u>	<u>44,794,605</u>	<u>(49,794,066)</u>	<u>92,586,993</u>	<u>28,437,975</u>
Total Government activities	<u>\$ 435,116,859</u>	<u>186,844,181</u>	<u>(204,407,206)</u>	<u>417,553,834</u>	<u>\$ 49,158,300</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	Beginning			Ending	Principal
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
					<u>Due within</u>
					<u>One Year</u>
Business-type Activities:					
Downriver Sewage Disposal System					
General obligation bonds:					
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1994					
Revolving Loan Fund, Series #1A-1F, 2%, due 2014	\$ 6,815,237	-	(628,640)	6,186,597	\$ 633,640
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1999,					
Revolving Loan Fund #5117-01, 2.5%	87,338	-	(4,946)	82,392	4,946
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-03, 2%	8,545,000	-	(695,000)	7,850,000	705,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-05, 2.25%	610,000	-	(55,000)	555,000	55,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995					
Revolving Loan Fund #5117-07, 2.25%	89,154	-	(14,264)	74,890	19,019
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-15, 2.25%	36,930,000	-	(2,270,000)	34,660,000	2,320,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-18, 2.25%	10,290,000	-	(690,000)	9,600,000	705,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995,					
Revolving Loan Fund #5117-19, 2.25%	7,491,813	-	(500,000)	6,991,813	510,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1999,					
Revolving Loan Fund #5117-20, 2.50%	10,080,000	-	(520,000)	9,560,000	530,000

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	Principal Amounts Due within <u>One Year</u>
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-21, 2.25%	1,894,706	-	(143,973)	1,750,733	143,973
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-23, 2.25%	1,460,000	-	(100,000)	1,360,000	100,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-24, 2.25%	48,420,000	-	(2,545,000)	45,875,000	2,600,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1998, Revolving Loan Fund #5117-25, 2.25%	14,075,000	-	(740,000)	13,335,000	755,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-26, 2.25%	4,185,000	-	(280,000)	3,905,000	285,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-27, 2.25%	3,571,145	-	(240,376)	3,330,769	253,027
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-28, 2.25%	1,420,102	-	(89,066)	1,331,036	89,066
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1997, Revolving Loan Fund #5117-29, 2.25%	1,870,000	-	(115,000)	1,755,000	115,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Fund #5117-30, 2.25%	4,270,000	-	(265,000)	4,005,000	270,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1995, Revolving Loan Fund #5117-31, 2.25%	2,865,000	-	(175,000)	2,690,000	180,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, Series 1999, Revolving Loan Fund #5117-32, 2.25%	9,373,048	-	(671,299)	8,701,749	545,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bonds, Series, 2000, Revolving Loan Fund #5117-34, 2.50%	4,297,443	172,557	(215,000)	4,255,000	220,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, 1999 Series A Refunding Bonds 4.5% to 5.125%, due 2013	5,705,000	-	(525,000)	5,180,000	550,000
Wayne County Downriver Sewage Disposal System Limited Tax General Obligation Bond, 1999 Series B Bonds 4.5% to 5.125%, due 2018	12,230,000	-	(630,000)	11,600,000	660,000

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Deferred gain (loss) on refunding - Downriver Sewage Disposal System	(318,192)	35,355	-	(282,837)	(35,355)
Other long-term obligations:					
Compensated absences	<u>589,476</u>	<u>442,554</u>	<u>(589,476)</u>	<u>442,554</u>	<u>442,554</u>
Total Downriver long term obligations	196,846,270	650,466	(12,702,040)	184,794,696	12,655,870
Rouge Valley Sewage Disposal System					
General obligation bonds:					
Wayne County North Huron Valley - Rouge Valley Wastewater Control System bonds, Series 1994C Refunding, Michigan Municipal Bond Authority, 3.6% to 6%, due 2009	3,275,000	-	(585,000)	2,690,000	625,000
Wayne County Rouge Valley - City of Livonia SRF #5140-01, Michigan Municipal bond Authority Revolving Loan Fund, 2.25%	<u>330,000</u>	<u>-</u>	<u>(20,000)</u>	<u>310,000</u>	<u>20,000</u>
Total Rouge Valley general obligation bonds	3,605,000	-	(605,000)	3,000,000	645,000
CSO Basins Sewage Disposal System					
General obligation bonds:					
Wayne County Rouge Valley Wastewater - Dearborn Heights, Michigan Municipal Bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.85%, generally due serially through 2016 (CSO)	10,230,000	-	(670,000)	9,560,000	695,000
Wayne County Rouge Valley Wastewater - Inkster (B) Michigan Municipal bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.80%, generally due serially through 2015 (CSO)	2,520,000	-	(185,000)	2,335,000	190,000
Wayne County Rouge Valley Wastewater - Inkster (A) Michigan Municipal Bond Authority 1999B Bonds AMBAC Insured Bonds, 3.05% to 4.80%, generally due serially through 2015 (CSO)	5,875,000	-	(455,000)	5,420,000	465,000
Wayne County Rouge Valley - Inkster, Michigan Municipal Bond Authority Revolving Loan Fund, #5106-01, 2% (CSO)	1,675,000	-	(125,000)	1,550,000	125,000

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Notes to the Basic Financial Statements
For the year ended September 30, 2005

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Principal Amounts Due within <u>One Year</u>
Wayne County Rouge Valley - Dearborn					
Heights Michigan Municipal Bond Authority					
Revolving Loan Fund, #5104-01, 2.25% (CSO)	1,730,000	-	(130,000)	1,600,000	130,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series					
1995, Revolving Loan Fund #5123-01, 2.25% (CSO)	4,321,599	-	(270,000)	4,051,599	275,000
Wayne County Downriver Sewage Disposal System					
Limited Tax General Obligation Bond, Series 1995B,					
City of River Rouge, Combined Sewer Overflow,					
3.7% in 5.3%, due serially through 2011	12,255,000	-	(685,000)	11,570,000	720,000
Deferred gain (loss) on refunding -					
CSO Basins Sewage Disposal System	<u>(1,749,649)</u>	<u>151,511</u>	<u>-</u>	<u>(1,598,138)</u>	<u>(151,511)</u>
Total CSO Basins general obligation bonds	36,856,950	151,511	(2,520,000)	34,488,461	2,448,489
Non-Major Business-type Activities:					
Northeast Revenue bonds:					
Wayne County Northeast Sewage Disposal System					
Revenue Bonds, Series 1993, Michigan Municipal					
Bond Authority Revolving Loan Fund,					
2%, generally due serially through 2014	3,545,000	-	(325,000)	3,220,000	330,000
Wayne County Northeast Sewage Disposal System					
Michigan Municipal Bond Authority 1999B					
Revenue Bonds AMBAC Insured Bonds, 3.05%					
to 4.75%, generally due serially through 2014	1,550,000	-	(130,000)	1,420,000	130,000
Deferred gain (loss) on refunding -					
Northeast Sewage Disposal System	<u>(142,890)</u>	<u>14,289</u>	<u>-</u>	<u>(128,601)</u>	<u>(14,289)</u>
Total non-major business-type activity					
revenue bonds	<u>4,952,110</u>	<u>14,289</u>	<u>(455,000)</u>	<u>4,511,399</u>	<u>445,711</u>
Total Business-type activities	<u>\$ 242,260,330</u>	<u>816,266</u>	<u>(16,282,040)</u>	<u>226,794,556</u>	<u>\$ 16,195,070</u>

Governmental Activities

Delinquent property tax receivables (and amounts collected) are pledged as collateral for the repayment of the September 30, 2005, outstanding General Obligation Limited Tax Notes of \$141.4 million (Note 9).

The County participates in the Equipment and Real Property Financing Program of Michigan Municipal Bond Authority (MMBA) to finance purchases of property and equipment on more favorable borrowing terms than might otherwise be available. The total borrowings by the County may not exceed .5 percent (or approximately \$301 million) of State Equalized Value of property in the County at September 30, 2005. The amount outstanding on these bonds was \$165,000 at September 30, 2005.

In 1988, in connection with the refinancing of certain General Fund obligations in prior years, the County issued \$103.8 million in Fiscal Stabilization Bonds to the MMBA, which concurrently issued Local Government Loan Program Revenue Bonds (Fiscal Stabilization Bonds), Series 1986A, Group 12B (Insured Wayne County Bonds).

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The legislation enabling the issuance of the Fiscal Stabilization Bonds and Emergency Loan Board Notes increased the state cigarette tax to provide revenues to the County with which to find the debt service requirements on this debt. In addition, the legislation provided for a special tax on airport parking to provide additional General Fund unrestricted revenues. The County's share of state cigarette tax collections (estimated to be \$16 million annually) is first applied to service the Fiscal Stabilization Bonds. The County's state revenue sharing has also been pledged as security for these bonds. The County's obligation to pay the Fiscal Stabilization Bonds is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

In January 1991, the MMBA refunded its Local Government Loan Program Revenue Bonds (Fiscal Stabilization Bonds). Concurrently, the terms of the related Wayne County Fiscal Stabilization Bonds held by the MMBA were modified, principally to revise the timing of the principal payments and the amount of interest, enabling the repayment of the County's Emergency Loan Board Notes to be accelerated. These Emergency Loan Board Notes were repaid in 1997.

In March 1994, the Building Authority issued \$105.9 million in bonds with an average interest rate of 5.8 percent, of which \$97.6 million was used to advance-refund \$97.2 million of bonds, with the remaining \$8.3 million in bonds to be used for renovations and improvements on the Wayne County Youth Home and for the demolition of abandoned buildings on the Eloise Westland property. The County has pledged its full faith and credit for these bonds, subject to certain limitations.

In March 1994, the Building Authority issued \$3.3 million in bonds to finance assets of the Warren Valley Golf Course. The County has pledged its full faith and credit for these bonds, subject to certain limitations.

In November 1996, the Building Authority issued \$45.0 million in Series 1996A debt with an average interest rate of 5.8 percent to finance construction of the Wayne County Juvenile Detention Facility, as well as other capital projects. These bonds are payable by the Building Authority solely from the rental payments to be made by the County and from funds relating to this issue held by the Trustee. The County's obligation to make the rental payments is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

Michigan Transportation Fund Bonds, Series 1998, in the aggregate amount of \$31.3 million, were issued to fund a portion of the capital improvements to the County's road system. The bonds are due serially through 2012 at interest rates ranging from 4.0% to 5.25%. Bond principal and interest payments are secured by an irrevocable pledge of distributions from the Michigan Transportation Fund pursuant to the provisions of Act 51 of the Michigan Public Acts of 1951. In the event that Act 51 distributions are insufficient to repay these bonds and notes, the County has pledged its full faith and credit for repayment. These bonds are considered limited tax general obligations of the County.

Michigan Transportation Fund Bonds, Series 1999, in the aggregate amount of \$28.7 million, were issued to fund a portion of the capital improvements of the County's road system. The bonds are due serially through 2013 at interest rates ranging from 4.0% to 5.3%. Bond principal and interest payments are secured by an irrevocable pledge of distributions from the Michigan Transportation Fund pursuant to the provisions of Act 51 of the Michigan Public Acts of 1951. In the event that Act 51 distributions are insufficient to repay these bonds and notes, the County has pledged its full faith and credit for repayment. These bonds are considered limited tax general obligations of the County.

In November 1999, the Wayne County Third Judicial Circuit Court dismissed a \$40 million lawsuit between the State of Michigan (The "State") and the County regarding funding of disputed Juvenile Justice and Abuse/Neglect Fund (formerly the Child Care Fund) costs. Pursuant to this Order of

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Dismissal, the State and the County entered into a Settlement Agreement (the Agreement), whereby the State agreed to release the County from all related liability in exchange for a loan payable in the amount of approximately \$39.9 million from the Local Emergency Financial Assistance Loan Board, at an initial rate of 5.532% per annum. The State Treasurer, effective July 1st of each year, adjusts the interest rate annually. At September 30, 2005, the amount due on the loan is approximately \$48.6 million, including accrued interest of approximately \$725,000.

The Agreement further stipulates that the loan (a) shall be subordinate to the payments due on any outstanding bonds issued by the County under the Fiscal Stabilization Act (the County's Fiscal Stabilization Bonds mature in fiscal year 2010); (b) shall be repaid from distributions received by the County from the State Health and Safety Fund pursuant to section 5(b)(i) of 1987 PA 264, (Cigarette Tax) only; and (c) shall not be secured by the County's full faith and credit or any other resources of the County. Loan payments are not scheduled to commence until such time as Cigarette Tax revenue is available, fiscal year 2010.

In September 2003, the County issued General Obligation Limited Tax Capital Improvement Bonds Series 2003 in the amount of \$13.7 million. The bonds are due serially through 2024 with an average interest rate of 4.3% and will fund structural repairs to the tower of the Wayne County Building, architectural changes and additions to the Prosecutor's office, other County buildings and the purchase of related equipment. The County has pledged its full faith and credit for repayment, subject to certain limitations.

Claims, litigation, and assessments represent actions, which have been asserted and are probable of loss and estimable. The amount of probable loss has been determined through court orders, judgments, or annual estimates by the County's Corporation Counsel. Claims and assessments that are not probable of loss or are not estimable are discussed in Note 14, Commitments and Contingencies.

These liabilities are generally liquidated through the County's Long-term Disability, General Health, Workers' Compensation and General Liability internal service funds. Those funds finance the payment of those claims by charging the other funds based on budgeted fringe benefit rates. Litigation and assessments are liquidated in the respective funds.

Amounts accrued for unpaid vacation and sick pay represent the accumulated, vested obligation of the County at September 30, 2005, for such benefits, payable to present governmental fund employees at future dates upon employee termination, retirement, or death.

Payments on the general obligation bonds that pertain to the County's governmental activities are made by the debt service funds, except for the note payable, which is repaid directly from the Delinquent Tax Revolving enterprise fund. The compensated absences liability attributable to the governmental activities are liquidated in the respective funds.

Capital Leases

Effective December 29, 1984, the County, through its Economic Development Corporation (EDC), sold the County Building to the Old Wayne County Building Limited Partnership (the Partnership) for the purpose of restoration and leased it back in 1987 under a ten-year leasing arrangement (Note 7). On November 1, 1997, the County entered into a third amendment to the building lease with the Partnership. The ten-year lease expires October 31, 2007. The County has an option to extend the term of the Building lease for a second ten (10) year renewal term. The County has an option to purchase the Old County Building at the end of the first renewal term and the second renewal term. This lease agreement qualifies as a capital lease for accounting purposes and therefore, has been

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

recorded at the present value of the future minimum lease payments as of the inception date. The lease requires minimum quarterly payments from the County of \$790,464. The rentals effectively provide for the debt service requirements of the Partnership.

At September 30, 2005, the outstanding portion of the capital lease obligation was \$14.1 million, for rentals until the expiration of the second renewal term in 2018. The \$14.1 million obligation excludes expenses charges by the Partnership in excess of the capital lease.

The future minimum lease obligation of these minimum lease payments as of September 30, 2005, were as follows:

Wayne County Building			
Capital Lease			
<u>Obligation</u>			
Year Ended			
<u>September 30</u>	<u>Principal</u>		<u>Interest</u>
2006	\$ 1,245,998	\$	1,915,856
2007	1,169,951		1,991,903
2008	1,098,546		2,063,308
2009	1,031,498		2,130,356
2010	968,543		2,193,311
2011-2015	4,024,954		11,784,316
2016-2018	<u>4,515,157</u>		<u>5,185,612</u>
Total	<u>\$ 14,054,647</u>	<u>\$</u>	<u>27,264,662</u>

In a related transaction, the County recorded a \$5.3 million note from the Partnership, which accrues interest at a rate of 9% (Note 7). The note is recorded as a long-term receivable and the lease is recorded as a long-term liability in the Building and Grounds Maintenance Internal Service Fund.

In May 1999, the County authorized the expenditure of up to \$50 million for land acquisition and land development costs for the Pinnacle Aeropark Project, a state of the art business and industrial park located next to the Detroit Metropolitan Wayne County Airport. The County through the ELF Fund acquired and leased back the property at a cost of \$35.2 million. The lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. The lease requires minimum semi-annual payments of \$299,741 from the County's Pinnacle Fund through September 1, 2007 and increasing every two years thereafter. As of September 30, 2005, the amount recorded in the fund statements on the long-term receivable and the capital lease payable was approximately \$31.6 million, however, these amounts have been eliminated in the government-wide financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, were as follows:

Pinnacle Aeropark			
Capital Lease			
<u>Obligation</u>			
Year Ended			
<u>September 30</u>	<u>Principal</u>		<u>Interest</u>
2006	\$ -	\$	599,482
2007	-		599,482
2008	524,087		597,005
2009	534,091		587,001
2010	544,287		576,805
2011-2015	4,330,910		2,674,550
2016-2020	6,426,567		2,178,893
2021-2025	8,123,502		1,481,958
2026-2030	9,972,927		632,533
2031	<u>1,095,351</u>		<u>10,406</u>
Total	<u>\$ 31,551,722</u>	<u>\$</u>	<u>9,938,115</u>

In June 2001, the County entered into a loan agreement with Fannie Mae, a corporation organized and existing under the laws of the United States of America, to borrow \$2.75 million for the purpose of acquiring, managing, maintaining, renovating, demolishing, marketing and selling of blighted properties located primarily in Highland Park, thereby decreasing the number of homes constituting public nuisances, all in furtherance of the County's responsibilities for providing for the health, safety, and welfare of its citizens. This promissory note is backed by the full faith and credit of the County. Annual installments of \$500,000 are due on June 1st, payable through 2007. Interest shall accrue quarterly and shall be determined by Fannie Mae based on a floating rate, obtained by adding ninety (90) basis points to the three (3) month LIBOR, adjustment quarterly, based on such rate as published in The Wall Street Journal on the last business day of the month immediately preceding each quarter. The note payable at September 30, 2005, of \$1 million to Fannie Mae is included in the government-wide financial statements.

As discussed in Note 7, the County, through the ELF Fund, acquired and leased back all Golf Course Fund capital assets. As of September 30, 2005, the outstanding portion of the capital lease associated with the Parks/Golf Course assets was approximately \$13.1million, however, such lease has been eliminated in the government-wide financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, were as follows:

Parks/Golf Course Capital Lease <u>Obligation</u>			
Year Ended <u>September 30</u>		<u>Principal</u>	<u>Interest</u>
2006	\$	318,230	\$ 409,320
2007		328,127	399,423
2008		338,332	389,218
2009		348,854	378,696
2010		359,704	367,846
2011-2015		1,973,441	1,664,309
2016-2020		2,300,002	1,337,748
2021-2025		2,680,603	957,147
2026-2030		3,124,182	513,569
2031-2032		<u>1,389,927</u>	<u>65,172</u>
Total	\$	<u>13,161,402</u>	\$ <u>6,482,448</u>

Operating Leases

The County is committed under 17 leases for office and storage space. These leases are considered for accounting purposes to be non-cancelable operating leases. Lease expenditures for the year ended September 30, 2005, amounts to \$3,871,676. Future minimum lease payments for these leases are as follows:

<u>September 30</u>	<u>Operating Lease Obligations</u>
2006	4,040,423
2007	4,202,116
2008	4,272,069
2009	4,220,703
2010	<u>4,317,605</u>
Total minimum lease payments	\$ <u>21,052,916</u>

Business-type Activities

Sewage Disposal Systems – The principal and interest payments on all the sewage disposal system bonds, other than the Wayne County Northeast Sewage Disposal System revenue bonds, are payable from contributions of the participating local governmental units as set forth in the related sewage disposal system contracts and bond ordinances. The Northeast Sewage Disposal System revenue bonds are payable from the net revenues of the sewage disposal system. The net revenues (as defined) of the sewage disposal system are pledged as collateral for the debt service requirements. In the event of default, the County has agreed to advance funds sufficient for payment of bond principal and interest. The County incurred no net bond interest costs for the year ended September 30, 2005.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

In 1994, the County authorized issuance of bonds to the MMBA Revolving Loan Fund for up to \$13.0 million for the Downriver Sewage Disposal System. Through September 30, 2005, the County received \$12.6 million from the revolving loan fund for the projects supported by these bonds.

In 1995, the County authorized additional issuance of bonds to the MMBA Revolving Loan Fund for up to \$21.4 million for the Downriver Sewage Disposal System and the CSO Basins Sewage Disposal System. Through September 30, 2005, the County received \$21.3 million from the revolving loan fund.

In 1995, the County authorized issuance of bonds to the MMBA Revolving Loan Fund for up to \$5.2 million for the Rouge Valley Sewage Disposal System. Through September 30, 2005, the County received \$5.2 million from the revolving loan fund.

In 1996, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$78.8 million for the Downriver Sewage Disposal system. Through September 30, 2005, the County received \$78.0 million from the revolving loan fund.

In 1997, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$84.0 million for the Downriver Sewage Disposal System. Through September 30, 2005, the County received \$82.9 million from the revolving loan fund.

In 1998, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$31.3 million for the Downriver Sewage Disposal System. Through September 30, 2005, the County received \$31.2 million from the revolving loan fund.

In 1998, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$425,000 for the Rouge Valley Sewage Disposal System. Through September 30, 2005, the County received \$425,000 from the revolving loan fund.

In 1999, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$12.6 million for the Downriver Sewage Disposal System. An estimated \$445,000 of this amount is designated for two communities covered under the Chapter 20 Drainage District, a component unit of the County of Wayne, and is reported under the Component Unit segment of County debt. Through September 30, 2005, the County received \$12.5 million from the revolving loan fund, of which \$426,151 is directly attributable to the Chapter 20 Drainage District's bond debt.

In 2000, the County authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$5.1 million for the Downriver Sewage Disposal System. Through September 30, 2005, the County received \$5.1 million from the revolving loan fund.

The County has pledged its full faith and credit on \$10.1 million of water and sewage bonds issued by local communities for various water and sewer construction activities. The obligations are being paid from the revenues of the various communities' water and sewage fund operations. The assets and related obligations have not been reflected within the County's basic financial statements for these activities.

In December 1995, the County authorized the issuance of bonds in an aggregate principal amount of \$16.3 million designated Wayne County Combined Sewer Overflow (City of River Rouge) Bonds, Series B. These bonds were used to finance construction of combined sewer overflow control facility in the City of River Rouge to comply with the requirements of federal grant and applicable National Pollutant Discharge Elimination System (NPDES) permit. The obligations are limited tax general

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

obligations of the County of Wayne, but are payable from contractual payments to be received from the City of River Rouge.

In April 1999, the County issued \$23.1 million, Series 1999B Revenue Bonds, under the MMBA Local Government Loan Program to provide resources to advance refund \$20.3 million of existing Sewage Disposal System Debt, Series 1994D, F and G, and Chapter 21 Drainage District, a component unit, Series 1993B. The proceeds of the refunding bonds were placed into an irrevocable trust to provide for all future debt service payments on the retired bonds. As a result, the retired bonds are considered to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. This refunding was taken solely to retire the refunded debt and reduce the total of future debt service payments. This bond issue is a limited tax general obligation of the County of Wayne, but is payable from contractual payments to be received from the communities participating in the respective sewage disposal systems benefited. Should the assets in escrow not be sufficient to fund the debt service requirements, additional amounts would be required to be deposited from the respective Sewage Disposal System.

In August 1999, the County issued the Series 1999A Refunding Bonds in the amount of \$6.5 million and the Series 1999B Bonds in the amount of \$15.0 million for the Downriver Sewage Disposal System, under the MMBA's Local Government Loan Program. Proceeds from the 1999A Series Bonds were used to advance refund \$6.1 million of the existing Sewage Disposal System Debt, Series 1994A. Proceeds from the 1999B Series Bonds were used to finance improvements to the Downriver Sewage Disposal System.

The proceeds of the 1999A refunding bonds were placed into an irrevocable trust to provide for all future debt service payments on the retired bonds. As a result, the retired bonds are considered to be defeased. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. This refunding was taken solely to retire the refunded debt and reduce the total of future debt service payments. This bond issue is a limited tax general obligation of the County, but is payable from contractual payments to be received from the communities participating in the respective sewage disposal systems benefited. Should the assets in escrow not be sufficient to fund the debt service requirements, additional amounts would be required to be deposited from the respective Sewage Disposal System.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Other

The annual requirements to pay principal and interest on the debt as reflected above (excluding claims, litigation and assessments, workers' compensation, capital lease obligations, and compensated absences) at September 30, 2005, are summarized as follows:

Governmental Activities - Bonds

Year Ended September 30	<u>General Obligations</u>		<u>Revenue</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	161,218,903	20,171,884	305,000	171,997
2007	20,147,147	17,773,616	146,000	158,656
2008	20,063,176	17,300,509	154,000	150,140
2009	20,443,234	19,337,772	163,000	140,823
2010-2014	61,875,502	19,738,786	965,000	541,393
2015-2019	25,181,000	4,304,453	1,274,000	203,656
2020-2024	<u>4,495,000</u>	<u>545,175</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 313,423,962</u>	<u>99,172,195</u>	<u>\$ 3,007,000</u>	<u>1,366,665</u>
Bonds Payable \$	171,023,962	97,043,792		
Notes Payable	<u>142,400,000</u>	<u>2,128,403</u>		
Total	<u>\$ 313,423,962</u>	<u>99,172,195</u>		

Business-type Activities - Bonds

Downriver Sewage Disposal System - General Obligation

Year Ended September 30	<u>Principal</u>	<u>Interest</u>
2006	12,248,671	4,614,311
2007	12,573,832	4,214,111
2008	12,886,918	3,999,191
2009	13,196,348	3,676,391
2010	13,538,720	3,344,089
2011-2015	70,581,723	11,389,604
2016-2020	49,288,767	3,067,640
2021	<u>320,000</u>	<u>4,000</u>
Total	<u>\$ 184,634,979</u>	<u>34,309,337</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

Rouge Valley Sewage Disposal System - General Obligation

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	645,000	148,110
2007	685,000	109,918
2008	700,000	69,450
2009	740,000	27,000
2010	20,000	4,950
2011-2015	110,000	17,775
2016-2020	<u>100,000</u>	<u>4,500</u>
Total	<u>\$ 3,000,000</u>	<u>381,703</u>

CSO Basins Sewage Disposal System - General Obligation

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	2,600,000	1,545,611
2007	2,710,000	1,443,993
2008	2,820,000	1,336,297
2009	2,940,000	1,221,807
2010	3,015,000	1,100,205
2011-2015	17,140,000	3,420,015
2016-2020	<u>4,861,599</u>	<u>300,225</u>
Total	<u>\$ 36,086,599</u>	<u>10,368,153</u>

Non-major Business-type Activities - Bonds

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	460,000	127,505
2007	475,000	115,640
2008	490,000	103,200
2009	500,000	90,210
2010	515,000	76,760
2011-2015	<u>2,200,000</u>	<u>159,893</u>
Total	<u>\$ 4,640,000</u>	<u>673,208</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

In prior years, the County defeased the future principal payments of the following issues by depositing U.S. Treasury obligations with escrow agents:

Primary Government:

1994	North Huron Valley - Rouge Valley Wastewater Control System Bonds, Series 1989	\$ 2,650,000
1999	Rouge Valley - Dearborn Heights CSO Basins Bonds Series 1994D	9,705,000
1999	Rouge Valley - Inkster CSO Basins Bonds Series 1994F	2,285,000
1999	Rouge Valley - Inkster CSO Basins Bonds Series 1994G	5,595,000
1999	Northeast Sewage Disposal System Bonds Series 1994G	1,475,000
1999	Downriver Sewage Disposal System Bonds Series 1994A	<u>5,625,000</u>
	Total primary government	<u>\$ 27,335,000</u>

Component Units:

1994	Chapter 20 Drainage Districts - various municipal obligations	\$ 3,770,000
1999	Chapter 21 (Milk River) Drainage District bonds, 1994 Series A	<u>1,065,000</u>
	Total component units	<u>\$ 4,835,000</u>
	Total defeased debt	<u>\$ 32,170,000</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

Component Units

Changes in long-term obligations related to component units at September 30, 2005, are summarized as follows:

	Outstanding September 30 <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30 <u>2005</u>	Amounts Due within <u>One Year</u>
Component Units:					
Airport Authority					
Detroit Metropolitan Airport					
Series 1994A, 3.5% to 5.875%, due 2008	15,350,000	-	(3,165,000)	12,185,000	3,120,000
Series 1994B, 4.85% to 6.125%, due 2025	11,260,000	-	(11,260,000)	-	-
Series 1996A, 3.65% to 5.72%, due 2016	51,910,000	-	(2,800,000)	49,110,000	3,000,000
Series 1996B, 3.65% to 5.72%, due 2016	51,910,000	-	(2,800,000)	49,110,000	3,000,000
Series 1998A, 4.20% to 5.50%, due 2028	824,265,000	-	(16,415,000)	807,850,000	17,275,000
Series 1998B, 4.10% to 5.25%, due 2028	156,800,000	-	(3,265,000)	153,535,000	3,410,000
Series 2001 Junior Lien, variable, 1.66% due 2008	107,380,000	-	(18,200,000)	89,180,000	100,000
Series 2002A, variable, 1.71%, due 2032	141,720,000	-	-	141,720,000	-
Series 2002C, 3.00% to 5.375%, due 2020	26,335,000	-	(100,000)	26,235,000	105,000
Series 2002D, 5.0% to 5.5%, due 2019	76,030,000	-	-	76,030,000	1,035,000
Series 2003A-1, variable, 1.45%, due 2033	75,000,000	-	-	75,000,000	-
Series 2003A-2, variable, 1.5%, due 2033	75,000,000	-	-	75,000,000	-
Series 2003A-3, variable, 1.47%, due 2033	64,975,000	-	-	64,975,000	-
Series 2003B, variable, 1.55%, due 2021	75,050,000	-	(3,475,000)	71,575,000	3,125,000
Series 2003C, variable, 1.32%, due 2021	54,300,000	-	(3,350,000)	50,950,000	3,150,000
Series 2004, variable, 2.6%, due 2024	-	11,575,000	-	11,575,000	375,000
Series 2005, 3.5% to 5.25%, due 2034	-	507,135,000	-	507,135,000	-
Energy Conservation Improvement Agreement, 5.625% due 2011	11,630,000	-	(1,395,000)	10,235,000	1,495,000
Bond Premium	5,277,713	12,862,961	(703,130)	17,437,544	-
Bond Discount	(11,440,538)	866,241	-	(10,574,297)	-
Deferred gain (loss) on refunding	<u>(22,361,925)</u>	<u>1,576,914</u>	<u>(792,721)</u>	<u>(21,577,732)</u>	<u>-</u>
Total Detroit Metropolitan Airport	1,790,390,250	534,016,116	(67,720,851)	2,256,685,515	39,190,000
Airport Hotel revenue bonds:					
Series 2001A Hotel, 5.00% to 5.50%, due 2030	99,630,000	-	-	99,630,000	-
Series 2001B Hotel, 6.00% to 6.60%, due 2015	11,290,000	-	-	11,290,000	100,000
Capital/FF&E Reserve Loan, 8%, due 2017	5,000,000	-	-	5,000,000	774,855
Working Capital Loan 8%, due 2017	1,500,000	-	-	1,500,000	-
Bond Discount	<u>(2,611,122)</u>	<u>129,525</u>	<u>-</u>	<u>(2,481,597)</u>	<u>-</u>
Total Airport Hotel revenue bonds	114,808,878	129,525	-	114,938,403	874,855
Airport notes payable:					
Willow Run Airport -					
Washtenaw County, 0%, due 2019	292,133	-	(14,606)	277,527	19,476
Willow Run Airport -					
University of Michigan, 8%, due 2013	<u>445,270</u>	<u>-</u>	<u>(3,460)</u>	<u>441,810</u>	<u>-</u>
Total Airport note payables	<u>737,403</u>	<u>-</u>	<u>(18,066)</u>	<u>719,337</u>	<u>19,476</u>
Total Airport Authority	1,905,936,531	534,145,641	(67,738,917)	2,372,343,255	40,084,331

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

	Outstanding September 30 2004	Additions	Reductions	Outstanding September 30 2005	Amounts Due within One Year
Circuit Court					
Capital Lease	4,171,348	-	(3,254,500)	916,848	916,848
Other long-term obligations:					
Compensated absences	-	51,102	-	51,102	51,102
Total Circuit Court	4,171,348	51,102	(3,254,500)	967,950	967,950

Non-major Component Units:

General obligation debt:

Chapter 20 Drainage Bonds, payable from
future property tax assessments, 3.15% to
10.0%, generally due serially through 2012:

ECPAD 3 94 C	3,755,000	-	(520,000)	3,235,000	515,000
ECPAD 3 Unref	1,500,000	-	-	1,500,000	-
Hunter-Leng 77 Unref	2,100,000	-	-	2,100,000	700,000
Hunter-Leng 94C Ref	685,000	-	(685,000)	-	-
GI-I-T-IM 78 Unref	200,000	-	-	200,000	-
GIINT-T94; 94C Ref	411,497	-	(137,166)	274,331	113,834
GISANIN94; 94C Ref	58,605	-	(25,974)	32,631	20,571
GRSSEILE 78 Unref	60,000	-	-	60,000	-
SRF5117-01	353,915	-	(20,054)	333,861	20,054
ECPADINP	268,000	-	(54,000)	214,000	54,000
	9,392,017	-	(1,442,194)	7,949,823	1,423,459

Revenue bonds:

Chapter 21 (Milk River) Drainage District
bonds, 1991 Series A, Michigan Municipal
Bond Authority Revolving Loan Fund,
payable from future property tax assessments,
2%, generally due serially through 2012, SRF #5057-01

9,825,000	-	(1,145,000)	8,680,000	1,165,000
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Chapter 21 (Milk River) Drainage District
bonds, 1992 Series A, Michigan Municipal
Bond Authority Revolving Loan Fund,
payable from future property tax assessments,
2%, generally due serially through 2012, SRF #5057-02

1,265,095	-	(155,000)	1,110,095	160,000
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Chapter 21 (Milk River) Drainage District
bonds, 1993 Series A, payable from future
property tax assessments, 3.50% to 8.50%,
generally due serially through 2012

2,360,000	-	(235,000)	2,125,000	250,000
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Chapter 21 (Milk River) Drainage District
bonds, 1999 Series B, payable from future
property tax assessments, 3.05% to 4.85%,
generally due serially through 2016

1,115,000	-	(120,000)	995,000	125,000
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Detroit-Wayne County Stadium Authority Revenue
bonds, 3.70% to 5.50%, due serially to 2027

79,930,000	-	(935,000)	78,995,000	935,000
94,495,095	-	(2,590,000)	91,905,095	2,635,000

Notes Payable:

Desbrow Intercounty Drain Drainage District
\$235,000 Note Payable at 2.34% per annum
until 2006

156,667	-	(78,333)	78,334	78,334
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Chapter 8 Brooks Drain Drainage District
\$150,000 Note Payable at 3.43% per annum
until 2009 maturity

150,000	-	(30,000)	120,000	30,000
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CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

	Outstanding September 30 <u>2004</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding September 30 <u>2005</u>	Amounts Due within <u>One Year</u>
Chapter 8 Odette Drain Drainage District					
\$250,000 Note Payable at 3.59% per annum until 2009 maturity	250,000	-	(50,000)	200,000	50,000
Chapter 8 Shuart Drain Drainage District					
\$97,000 Note Payable at 3.39% per annum until 2009 maturity	97,000	-	(20,000)	77,000	20,000
Chapter 8 Strong Drain Drainage District					
\$290,000 Note Payable at 3.70% per annum	-	290,000	-	290,000	58,000
Michigan Municipal Bond Authority Loan					
Program Revenue bonds, 3.55%, due 2008	<u>899,278</u>	<u>-</u>	<u>(213,092)</u>	<u>686,186</u>	<u>220,726</u>
Total Notes Payable	1,552,945	290,000	(391,425)	1,451,520	457,060
Other long-term obligations:					
Compensated absences	<u>-</u>	<u>74,220</u>	<u>-</u>	<u>74,220</u>	<u>74,220</u>
Total Non-major Component Units	<u>105,440,057</u>	<u>364,220</u>	<u>(4,423,619)</u>	<u>101,380,658</u>	<u>4,589,739</u>
Total Component Units	<u>2,015,547,936</u>	<u>534,560,963</u>	<u>(75,417,036)</u>	<u>2,474,691,863</u>	<u>45,642,020</u>

Airport Authority – Pursuant to the Authority Act, the Authority is liable for all of the obligations with respect to the Authority, with the exception of the County’s pledge of its limited tax full faith and credit, subject to constitutional, statutory, and charter tax rate limitations, associated with the \$110.9 million Airport Hotel Revenue Bonds, Series 2001A and 2001B, issued by the County. This includes all the County’s obligations on outstanding Senior Lien Bonds and Junior Lien Bonds issued by the County under the County’s Amended and Restated Master Airport Revenue Bond Ordinance No. 319 and its predecessor Ordinance 319, as amended and supplemented by various amending and supplemental ordinances adopted by the County, including the Series Ordinance adopted for each outstanding series of airport revenue bonds issued there under by the County (collectively, Ordinance 319). Pursuant to the Authority Act, the Authority is obligated to perform all of the duties, and is bound by all of the covenants, with respect to the Authority under any ordinances (including Ordinance 319), agreements, or other instruments and under law. Under the Authority Act, all airport revenue bonds issued by the Authority may be issued on a parity basis with the outstanding Senior Lien Bonds issued by the County under Ordinance 319 and additional bonds issued by the Authority under the Maser Bond Ordinance, and secured by net revenues.

Net revenues (as defined in the various bond ordinances) of Metro Airport have been pledged toward the repayment of the Airport Revenue Bonds.

The Airport Revenue Bond Ordinances require that Metro Airport restrict assets to provide for the operations, maintenance, and administrative expenses of the subsequent month, the redemption of bond principal and interest, and for other purposes as defined in those ordinances.

In August 1993, the County entered into a \$445,801 note payable agreement to purchase the Packard Hanger located at the Willow Run Airport, from the University of Michigan. The agreement calls for quarterly interest payments of \$9,511 commencing on September 1, 1993. Principal payments on the note are required if revenue in excess of \$60,000 is generated at the Packard Hanger site during any calendar year. In this situation, half of the revenue generated would be required to be paid to the University of Michigan. On September 1, 2013, any principal and interest remaining unpaid are due.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

In May 1990, the County entered into agreements with MESABA Aviation to issue approximately \$3.6 million in Airport Special Facility Revenue Bonds to finance the construction of an airline maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by MESABA. The agreement also provides for the airline to construct a ramp and taxiway connection. As these bonds are payable from special facility lease rentals payable in full by the respective airlines, the related debt has not been reflected in the financial statements of the Authority or the County.

In October 1996, the County issued \$135.8 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 1996A and 1996B to retire Series 1986 Bonds, at their earliest optional redemption date of December 1, 1996. The Series 1996A and 1996B Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport. The refunding bonds are subject to interest rate adjustments determined from time to time by a remarketing agent to reflect the prevailing market. The interest rate borne by the bonds, however, is capped at 12 percent or the maximum rate under Michigan law, so long as a letter of credit is in place. In anticipation of this refunding, in October 1993, the County entered into an interest-rate swap agreement with a notional principal amount of \$126 million, which permitted the County to change the terms of the anticipated bond offering from a variable rate to fixed-rate coupon of 5.72 percent. Additionally, interest payments that are made to and received from the counterparty commencing December 1, 1996, through the swap termination of 2008, will be reflected as an adjustment of interest expense on the refunding bonds.

Effective April 2, 2004, the Airport Authority entered into a wrapper supplement to the 1996 interest rate Swap Agreement, which swaps variable rate to fixed rate on the unhedged portion of 1996 Bonds and which extends final maturity of the Swap from 2008 and 2016 (the final maturity of the 1996 Bonds), resulting in a new fixed-rate coupon of 5.1082% and present value savings of \$2.9 million.

As of September 30, 2005, rates were as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Rate</u>
Fixed payment to counterparties	Fixed	5.1082%
Variable rate from counterparties	BMA	2.7500%
Net interest rate swap payments		2.3582%
Variable-rate bond payment	Market	2.7900%
Synthetic interest rate on bonds		5.1482%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$8,023,009 as of September 30, 2005. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparties, Merrill Lynch and Goldman Sachs, both have S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA- mitigating this risk.

The Swap exposes the Authority to basis risk should the relationship between BMA and the variable-rate bond payments cause the expected cost savings to not be realized. This risk is mitigated by the Authority maintaining bond insurance, a liquidity facility, and an Authority debt program that limits exposure to synthetic issues to a maximum of 10% of the overall airport debt.

The Authority is also exposed to the risk of termination should either the counterparty or the Authority fail to perform under the terms of the contract. A termination during a negative value period could

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

cause the Authority to be liable to the counterparty equal to the Swap fair value. This risk is mitigated by the Authority maintaining bond insurance, a liquidity facility, and the overall debt program.

The Series 1996A and 1996B Bonds are revenue obligations of the County and do not constitute indebtedness of the County within the meaning of any constitutional, statutory, or charter provision or limitation. Neither the credit nor the taxing power of the County is pledged for the payment of principal, premium, if any, or interest on the Series 1996A and 1996B Bonds.

In June 1999, the County entered into agreements with Northwest Airlines to issue approximately \$15.2 million in Airport Special Facility Revenue bonds to finance the construction of an aircraft maintenance facility. All debt service costs will be paid by the airline through a trustee. The County and the Authority are not obligated in any manner to provide debt service in the event of default by Northwest Airlines. As these bonds are payable from special facility lease rentals payable in full by Northwest Airlines, the related debt has not been reflected in the financial statements of the Authority or the County.

In January 2001, the County issued \$141.9 million Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at the Metro Airport. The Series 2001 Bonds and the interest thereon are revenue obligations of the Authority payable from the net revenues derived by the Authority from the operation of Metro Airport and available after net revenues have first been set aside as required to pay the principal and interest and Redemption Price, if any, on Senior Lien Bonds as provided in the Ordinance. The Series 2001 Bonds are "Junior Lien Bonds" under the Ordinance, and a statutory lien subordinate to the prior lien in respect of Senior Lien Bonds have been established under the Ordinance upon and against the net revenues to secure the payment of the Series 2001 Bonds.

The Series 2001 Bonds are variable rate bonds. The remarketing agent is responsible under an agreement with the Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest that in the judgment of the remarketing agent, would cause the Series 2001 Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

The Series 2001 Bonds are revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2001 Bonds, and no owner of any Series 2001 Bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

In March 2001, the County issued \$110.9 million Airport Hotel Revenue Bonds, Series 2001A and Series 2001B. The 2001A Bonds, \$99.6 million, were issued for the purpose of paying the cost of acquiring, constructing, equipping and furnishing an airport hotel and related improvements (the "Airport Hotel") at the new McNamara Terminal of the Detroit Metropolitan Airport to be owned by the County. In addition, these bonds will pay capitalized interest and certain costs of issuance for this series. The 2001B Bonds, \$11.3 million, were issued for the purpose of paying the County Credit Enhancement Fee, funding the Operation and Maintenance Reserve Fund, and paying capitalized interest and certain costs of issuance related to this series.

The Airport Authority has pledged all net Airport Hotel revenues solely for the payment of the Bonds and the Parity Obligations and a statutory first lien has been granted upon all net Airport Hotel revenues for such purpose. In addition, the County has pledged its limited tax full faith and credit as

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

additional security for payment of the principal, premium, if any, and interest on the Bonds, subject to constitutional, statutory and charter tax rate limitations.

In August 2001, the County entered into an Installment Purchase Contract for \$14.4 million to pay for energy conservation improvements at the Metro Airport. The purchase contract is not a revenue or general obligation of the County and does not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on these improvements.

In December 2001, the County entered into \$292,133 note payable with Washtenaw County to allow Washtenaw County to use its Michigan Community Development Block Grant to assist the Willow Run Airport in renovating Hanger I. The agreement calls for the principal to be paid in quarterly installments commencing March 31, 2005.

In May 2002, the County issued \$141.7 million Charter County of Wayne Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at the Airport. The Series 2002A Bonds and the interest thereon are revenue obligations of the Authority payable from the net revenues derived from the operation of the Detroit Metropolitan Airport.

The Series 2002A Bonds are variable rate bonds. The remarketing agent is responsible under an agreement with the Metro Airport to establish the interest rate weekly. The interest rate is determined as the rate of interest which, in the judgment of the remarketing agent, would cause the Series 2002A Bonds to have a market value as of the date of determination equal to the principal amount, taking into account prevailing market provisions.

The Series 2002A Bonds are not revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2002A Bonds, and no owner of any Series 2002A Bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

In July 2002, the County issued \$102.5 million Charter County of Wayne Airport Revenue Refunding Bonds, Series 2002C and 2002D. The Series 2002C Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990B Bonds and the December 2002 principal amount due on the Series 1998B Bonds. The Series 2002D Refunding Bonds were issued to refund, on a current basis, at the earliest practicable date, the Series 1990A Bonds and the Series 1991B Bonds. The Series 2002 C&D Refunding Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of the Detroit Metropolitan Airport.

The County defeased the Series 1990B, Series 1990A, Series 1991B Bonds, and the December 2002 principal amount due on the Series 1998B Bonds by placing the proceeds on the Series 2002C and 2002D Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The Series 1990B, the Series 1990A, and the Series 1991B Bonds were subsequently called and paid in full in August 2002. The Portion of the Series 1998B Bonds was subsequently called and paid in December 2002. The difference between the cash flows required to service the new debt and complete the refunding was \$15.3 million. The County estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$14.1 million.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

The Series 2002C and 2002D Refunding Bonds are revenue obligations of the County and do not constitute an indebtedness of the County within the meaning of any constitutional, statutory or charter provision or limitation. Neither the credit nor the taxing power of the County is pledged for the payment of principal, or interest or premium, if any, on the Series 2002C and 2002D Refunding bonds, and no owner or any Series 2002C and 2002D Refunding bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the Ordinance.

In November 2002, the Authority entered into two debt agreements with Westin Management Company East (the Hotel Operator). Both loans were provided for in the Hotel Management and Operating agreement. The Capital/FF&E loan was for \$5 million and is to be used solely for future capital improvements to the Airport Hotel. The Working Capital loan was for \$1.5 million and was used to provide initial working capital to operate the Airport Hotel. The net Airport Hotel revenues are pledged solely for the payment of the Airport Hotel Bonds and these loans, and statutory first lien, has been granted upon all net Airport Hotel revenues for such purpose.

In December 2003, the Authority issued \$215 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Detroit Metropolitan Airport. The Series 2003A-1, 2003A-2, and 2003A-3 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Series 2003A-1, 2003A-2, and 2003A-3 Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly. The Winning Bid Rate, is determined by the Auction Agent, becomes the weekly interest rate for the Series 2003A-1, 2003A-2, and 2003A-3 Bonds.

In December 2003, the Authority issued \$129.3 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2003B and 2003C. The Series 2003B and 2003C Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2003B Refunding Bonds were issued to refund the Series 1993A Bonds and the Series 1999B Bonds. The Series 2003C Refunding Bonds were issued to refund the Series 1993C Bonds. The 2003B and 2003C Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1993A, the Series 1993B, and the Series 1993C Bonds. The proceeds of the Series 2003B and 2003C Bonds were placed in an irrevocable trust to provide for all future debt service payments. The Series 1993A, the Series 1993B, and the Series 1993C Bonds were subsequently called and paid in full in February 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$13 million. The Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$8.1 million.

The Series 2003B and 2003C Bonds were issued as Periodic Auction Reset Securities (PARS). The Auction Agent is responsible under an agreement with the Authority to establish the interest rate weekly for the 2003C Bonds and monthly for the 2003Bonds. The Winning Bid Rate as determined by the Auction Agent becomes the weekly interest rate for the Series 2003B and 2003C Bonds.

The Authority entered into a variable to fixed interest rate swap agreement, resulting in a fixed coupon rate of 3.4825% for the Series 2003B Bonds and a rate of 3.4265% on the Series 2003C Bonds.

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

As of September 30, 2005, rates were as follows:

<u>Interest Rate</u>	<u>Term</u>	2003B <u>Rates</u>	2003C <u>Rates</u>
Fixed payment to counterparties	Fixed	3.4825%	3.4265%
Variable rate from counterparties	BMA	2.6414%	2.6414%
Net interest rate swap payments		0.8411%	0.7851%
Variable-rate bond payment	Market	2.6490%	2.5500%
Synthetic interest rate on bonds		3.4901%	3.3351%

Due to a rising interest rate environment, the Swap had a positive fair value of \$226,727 as of September 30, 2005, exposing the Authority to a credit risk. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA,- mitigating this risk.

The Series 2003B and 2003C Swap exposes the Authority to risk, which is addressed by the Authority Swap Management Plan. Swap (synthetic variable to fixed) borrowing is limited to 10% of the overall bond program. The following table identifies the Authority's plan for mitigating swap risk.

<u>Type of risk</u>	<u>Concern</u>	<u>Resolution</u>
Counterparty risk	Default of counterparty	Counterparty is rated AA by two rating agencies
Tax risk	Federal marginal rates could decline, reducing tax-exempt advantage of underlying auction rate securities	Can terminate after 7 years (Early Call provision)
Basis risk	Spread could widen, making Swap more expensive	(1) Enhanced LIBOR Index was chosen, protecting the Airport in both low- and high-interest environments (2) Can terminate after 7 days
Termination risk	Authority credit quality could deteriorate during a time when it would be very expensive for the Authority to get out of the Swap	(1) Maintain bond insurance (2) Solid financial performance of the Authority

In October 2004, the Authority issued \$11.6 million in Wayne County Airport Authority Airport Revenue Refunding Bonds, Series 2004. The Series 2004 Bonds were issued to refund certain outstanding indebtedness previously issued to finance or refinance the cost of various capital projects at Metro Airport. The 2004 Refunding Bonds were issued to refund the Series 1994B Bonds. The series 2004 Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority defeased the Series 1994B Bonds by placing the proceeds of the Series 2004 Bonds in an irrevocable trust to provide for all future debt service payments. The Series 1994B Bonds were subsequently called and paid in full in December 2004. The difference between the cash flows required to service the new debt and complete the refunding was approximately \$1.7 million. The

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Authority estimates its minimum economic gain (difference between the present value of the debt service payments on the old and new debt) was approximately \$1.1 million.

The Series 2004 Bonds were issued as Periodic Auction Reset Securities (PARS). The auction agent is responsible under an agreement with the Authority to establish the interest rate weekly. The winning bid rate, as determined by the auction agent, becomes the weekly interest rate for the Series 2004 Bonds.

The Authority entered into a variable to fixed interest rate swap agreement resulting in a fixed coupon rate of 3.9970%.

As of September 30, 2005, rates were as follows:

<u>Interest Rate</u>	<u>Term</u>	<u>Rate</u>
Fixed payment to counterparties	Fixed	3.9970%
Variable rate from counterparties	BMA	2.6414%
Net interest rate Swap payments		1.3556%
Variable-rate bond payment	Market	2.6000%
Synthetic interest rate on bonds		3.9556%

Due to the reduction of interest rates since the execution of the Swap, the Swap had a negative fair value of \$258,356 as of September 30, 2005. Due to this negative fair value, the Authority was not exposed to a credit risk. However, should interest rates change and the fair value of the Swap become positive, the Authority would be exposed. The counterparty, Goldman Sachs, has S&P ratings of A+, Moody's ratings of AA3, and Fitch ratings of AA-, mitigating this risk.

In April 2005, the Authority issued \$507 million in Wayne County Airport Authority Airport Revenue Bonds to provide funds to pay a portion of the costs of certain capital improvements at Metro Airport. These projects include the North Terminal Redevelopment Project and the completion of the McNamara Terminal Phase II Project. The Series 2005A Bonds are revenue obligations of the Authority payable solely from the net revenues derived by the Authority from the operation of Metro Airport.

The Authority capitalizes net financing costs during the construction for debt issues specifically related to construction projects. During the year ended September 30, 2005, interest expense incurred on these debt issues totaled \$92,931,744. For 2005, net financing costs capitalized were \$4,609,100.

In August 2005, the Authority entered into a line-of-credit agreement with a maximum borrowing amount of \$15 million. The borrowings charged interest at a rate equal to 35 basis points over the LIBOR rate. The line-of-credit agreement expires June 2006. There were no borrowings on this line during the year ended September 30, 2005.

Circuit Court –In September 2000, the Circuit Court entered into a five-year capital lease obligation through the County's ELF to finance various items of equipment with a total cost of \$4.6 million. This obligation qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. The required minimum monthly lease payments amount to \$89,213. As of September 30, 2005, the outstanding portion of this lease obligation amounted to \$525,985. The County has recorded a long-term capital lease payable in the government-wide financial statements.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

In September 2001, the Circuit Court entered into a five-year capital lease obligation through the County's ELF Fund to finance various items of equipment with a total cost of \$1.7 million. This obligation qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date. The required minimum monthly lease payments amount to \$33,641. As of September 30, 2005, the outstanding portion of this lease obligation amounted to \$390,863. The County has recorded a long-term capital lease payable in the government-wide financial statements.

The outstanding portion of the obligations under capital leasing transactions associated with the Circuit Court at September 30, 2005, was \$916,848.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2005, were as follows:

Year Ended		
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	916,848	22,063

In April 2003, the County entered into a five-year note payable for \$1.1 million with an interest rate of 3.55% with the MMBA for the purpose of financing a portion of the Wayne County Probate Court Imaging Project/Case Management System. The new system will provide case management, imaging, electronic filing, and internet access. The County's obligation to make the payments is a limited tax general obligation supported by the full faith and credit of the County, subject to certain limitations.

Drainage Districts – Special assessments receivable on properties benefited by the various Chapter 20 and Chapter 21 drainage district obligations have been irrevocably pledged for repayment of the related principal and interest. In addition, the County has pledged its full faith and credit for all outstanding obligations of the various drainage districts, with the exception of \$5.15 million of debt relating to the Ecorse Creek Pollution Abatement Drain No. 1 Phase III Drainage District, which is considered defeased.

In September 1991, the Chapter 21 Drainage District authorized the issuance of bonds to the MMBA Revolving Loan Fund for up to \$25.7 million for the Milk River Drainage District Water Pollution Control. Through September 30, 2005, the district has received \$25.0 million from the revolving loan fund.

In April 1999, the Chapter 21 Drainage District issued \$1.2 million Series 1999B Revenue Bonds, under the MMBA's Local Government Loan Program. The bond proceeds were used to refund and effectively defease \$1.1 million of the existing Chapter 21 Drainage District Bonds, Series 1994A.

In July 2003, the Desbrow Intercounty Drain Drainage District borrowed \$235,000 from the Hastings City Bank, promising to repay the Note Payable by July 2006. Proceeds of the note payable are being used to construct major improvements to the Desbrow Intercounty Drain. Repayment of this debt will be made from special assessments against the properties benefiting from these improvements, and are guaranteed by the full faith and credit of the Drainage District.

In August 2004, three Chapter 8 Drainage Districts issued notes to borrow funds to construct major improvements to the specified Drains. The Brooks Drain borrowed \$150,000, the Shuart Drain \$97,000 and the Odette Drain \$250,000 with annual payments scheduled through 2009. Repayment of

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

this debt will be made from special assessments against the properties benefiting from these improvements, and are guaranteed by the full faith and credit of the individual Drainage Districts.

In September 2005, the Chapter 8 Strong Drain Drainage District issued a note to borrow \$290,000 from Citizen's Bank for construction of major improvements to the Strong Drain. Repayment of this debt will be made annually through 2010, financed by special assessments against the properties benefiting from these improvements, and is guaranteed by the full faith and credit of the Drainage District.

Detroit-Wayne County Stadium Authority – In April 1997, the Detroit-Wayne County Stadium Authority (Authority) issued bonds totaling \$85.8 million for financing a portion of the cost of acquiring and constructing a baseball stadium for use by the Detroit Tigers major league baseball team and for paying costs of issuance in connection with those bonds. The County has pledged its limited tax full faith and credit for payment of the cash rentals to the Authority under a contract dated March 1, 1997. In addition, the County is required to provide sufficient monies in its annual budget for payment of the cash rentals and, if necessary, to levy ad valorem taxes on all taxable property within its boundaries, subject to constitutional, statutory, and charter tax rate limitations. The County has also pledged certain motor vehicle rentals and hotel tax revenues (the "Tourist Taxes") levied by the County pursuant to Act No. 180, Public Acts of Michigan 1991.

Operating Leases

The County is committed under two leases for office space and court activities. These leases are considered for accounting purposes to be non-cancelable operating leases. Lease expenditures for the year ended September 30, 2005, amounted to \$4,939,677. Future minimum lease payments for these leases are as follows:

	Operating Lease
<u>September 30</u>	<u>Obligations</u>
2006	4,956,166
2007	5,152,960
2008	5,275,241
2009	5,428,965
2010	<u>5,584,698</u>
Total minimum lease payments	<u>\$ 26,398,030</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

Other

The annual requirement to pay principal and interest on the debt outstanding as reflected above, excluding capital leases, at September 30, 2005, are summarized as follows:

**Airport Authority - Loans, Notes Payable
and Revenue Bonds**

Year Ended September 30	Principal	Interest
2006	40,084,331	104,916,545
2007	43,718,681	99,426,833
2008	45,808,950	97,187,085
2009	141,745,901	94,332,749
2010	66,974,674	91,160,078
2011-2015	389,006,860	406,274,268
2016-2020	451,164,940	307,932,630
2021-2025	468,360,000	207,219,630
2026-2030	503,545,000	95,435,463
2031-2035	239,130,000	21,790,626
Total	<u>\$ 2,389,539,337</u>	<u>1,525,675,907</u>

Revenue Bonds Payable	\$ 2,372,085,000	1,519,287,179
Loans and Notes Payable	<u>17,454,337</u>	<u>6,388,728</u>
Total	<u>\$ 2,389,539,337</u>	<u>1,525,675,907</u>

Non-major Component Units - Bonds and Notes Payable

Year Ended September 30	<u>General Obligation</u>		<u>Revenue</u>	
	Principal	Interest	Principal	Interest
2006	1,880,520	459,548	2,635,000	4,501,914
2007	1,838,245	368,069	3,390,000	4,391,157
2008	2,178,879	271,526	3,645,000	4,253,962
2009	967,054	179,051	3,900,000	4,102,442
2010-2014	2,399,313	257,783	19,795,095	17,846,539
2015-2019	132,356	9,195	21,340,000	12,749,525
2020-2023	4,976	62	23,250,000	6,713,438
2024-2027	-	-	13,950,000	1,098,563
Total	<u>\$ 9,401,343</u>	<u>1,545,234</u>	<u>\$ 91,905,095</u>	<u>55,657,540</u>

Bonds Payable	\$ 7,949,823	1,437,385
Notes Payable	<u>1,451,520</u>	<u>107,849</u>
Total	<u>\$ 9,401,343</u>	<u>1,545,234</u>

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

(12) **Employee Benefits**

Pension Plans

Wayne County Employees Retirement System

Plan Description

The County provides retirement benefits to its employees through the Wayne County Employees' Retirement System (WCERS), a single-employer public employee retirement system, which is governed by the Wayne County Retirement Ordinance, as amended. The Retirement System provides three defined-benefit retirement options, two of which are contributory (together, the Defined Benefit Plan) and a Defined Contribution Plan. The Retirement System provides retirement, survivor, and disability benefits to substantially all County employees. In addition, the County's Retirement Board of Commissioners administers the Wayne County Circuit Court Commissioners Bailiffs' Retirement System, a defined-benefit plan. The Retirement Board issues separate financial statements annually. Copies of financial statements for each plan can be obtained at 28 W. Adams, Suite 1900, Detroit, Michigan 48226.

The Defined Benefit Plan (Plan Option 1, Plan Option 2, Plan Option 3, and Plan Option 5, or collectively "the Plan") and the Defined Contribution Plan (Plan Option 4 and Plan Option 5) have been combined for presentation in the financial statements.

In 1983, the County closed Plan Option 1 of the WCERS to new hires, and added two new options under the Defined Benefit Plan, which resulted in a lower final benefit to the participant. At September 30, 2004, the date of the most recent actuarial valuation, membership consisted of 5,596 retirees and beneficiaries receiving benefits, 118 inactive (separated) employees entitled to benefits but not yet receiving them, and 2,145 current active employees combined in the Plan.

Effective October 1, 2001, WCERS established the Wayne County Hybrid Retirement Plan #5 ("Plan Option 5"), which contains both a defined benefit component and a defined contribution component. Participants in the plan options previously in existence ("Plan Option 1," "Plan Option 2", and "Plan Option 3") could elect to transfer their account balances to Plan Option 5 between October 1, 2001, and June 30, 2002. New employees could elect to participate in Plan Option 4 through September 30, 2001. Effective October 1, 2001, only Plan Option 5 is available to new employees; Plan Options 1, 2, and 3 are closed to new hires. Because there is no legal requirement to segregate the assets relating to Plan Options 1, 2, 3, or 5 in paying benefits, the accompanying financial statements include the net assets and changes in net assets relating to Plan Options 1, 2, and 3, as well as the defined benefit component of Plan Option 5. The defined contribution portion of Plan Option 5 is included in the financial statements of the WCERS Defined Contribution Plan.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The County's policy, in accordance with State statute, is to fund pension costs. Accrued unfunded actuarial liabilities, if any, are amortized over a 15-year period.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Methods Used to Value Investments

The Retirement Board of Commissioners has authority to invest the Plan's assets in common and preferred stock; obligations of the United States, its agencies, or U.S. government sponsored enterprises; obligations of any state or political subdivision of a state having the power to levy taxes, banker's acceptances, certificates of deposits; commercial paper; repurchase agreements; real and personal property; mortgages; and certain other investments.

Market values for common stocks and money market funds are based on September 30, 2005, closing market quotations. Fixed debt quotations are provided by a national brokerage pricing service. Mortgage market values are determined on the basis of comparable yields available in the market place. Investments in certain partnerships that do not have a readily determinable market value are recorded at cost.

The Plan did not hold any individual investments, other than investments in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2005, and 2004.

Contributions

Participants in Plan Option 1 contribute 2 to 2.58 percent of annual compensation for 17 or more years of credited service. The Sheriff's Command Officers and Deputies contribute 5 percent of annual compensation. Participants in Plan Option 2 do not make plan contributions but receive a lower final benefit. Plan Option 3 participants make decreased contributions of 3 percent to covered compensation, and receive a lower final benefit. Participants in Plan Option 5 make no member contributions.

The obligation to contribute and to maintain the Plan for these employees was established by negotiations with the County's collective bargaining units.

Annual Pension Cost

For the fiscal year ended September 30, 2005, the County's annual pension of cost of \$11,105,624 equaled the County's actual contributions and exceeded the County's required contributions. The annual required contribution was determined using an actuarial valuation of the Plan dated September 30, 2003, (the projected unit credit actuarial cost method) determined as a level percentage of payroll. The County has agreed to voluntarily contribute such additional amounts as necessary to provide assets sufficient to meet the benefits to be paid to Plan members. The significant actuarial assumptions used to compute the contribution requirements include a rate of return on the investment of present and future assets of 8 percent compounded annually, and projected salary increases of 4 to 7 percent compounded annually.

Pension Benefits

Benefits are paid monthly over the member's or survivor's lifetime, after meeting normal retirement or duty disability retirement requirements, which vary by the option, based on the following percentages of average final compensation, for each year of credited service:

Plan Option 1 – 2 to 2.65 percent for each year. Maximum County-financed portion is 75 percent of average final compensation. Minimum monthly pension is \$5 times years of service.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Plan Option 2 – 1 percent for each year up to 20 years, and 1.25 percent for each year over 20 years. Maximum County-financed portion is 75 percent of average final compensation.

Plan Option 3 – 1.5 percent for each year up to 20 years, 2 percent for each year between 20 and 25 years, and 2.5 percent for each year over 25 years.

Plan Option 5 – 1.25 percent for each year up to 20 years, and 1.5 percent for each year over 20 years.

Death and Disability Benefits – The Plan also provides non-duty death and disability benefits to members after ten years of credited service for Plan Option 1, 2 and 5 along with, non-duty death benefits for Plan Option 3. The ten-year service provision is waived for duty disability and duty-related death benefits.

The following represents the County's annual pension costs as September 30, 2005:

Three Year Trend Information

(Dollar amount in thousands)

<u>Fiscal</u> <u>Year Ended</u> <u>September 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2003	\$ 3,002	226.1	-
2004	7,374	116.6	-
2005	11,106	104.3	-

Reserves (Employees)

As of September 30, 2005, the Plan's legally required reserves have been fully funded as follows:

Reserve for employee contributions	\$ 52,318,246
Reserve for employer contributions	102,023,255
Reserve for pension payments	771,620,067
Reserve for inflation equity	<u>65,486,996</u>
Total reserve balances	<u>\$ 991,448,564</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of the date indicated. Additional information as of the latest actuarial valuation as follows:

Valuation date	September 30, 2004
Actuarial cost method	Projected unit credit actuarial cost method
Amortization method	Level percentage of payroll
Remaining amortization period	N/A, closed
Assets valuation method	4-year smoothed market
Actuarial assumptions:	
*Investment rate of return	8.0%
*Projected salary increases	4.0% - 8.4%
Cost-of-living adjustments	N/A
*Indicated inflation of 4.0%	

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the Plan, or the actuarial methods and assumptions used.

Wayne County Circuit Court Commissioners Bailiffs' Retirement System

Plan Description

The Wayne County Circuit Court Commissioners Bailiffs' Retirement System (Bailiffs' Retirement System) is a single-employer defined benefit public employee retirement plan (the Plan) governed by the WCERS and created under the County of Wayne's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Bailiffs' Retirement System is established by the County to provide retirement, survivor, and disability benefits to the County's Circuit Court Commissioners Bailiffs Unit employees.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the County has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative expenses are financed through investment earnings.

Methods Used to Value Investments

The Retirement Board of Commissioners has authority to invest the Plan's assets in common and preferred stock; obligations of the United States, its agencies, or U.S. government sponsored enterprises; obligations of any state or political subdivision of a state having the power to levy taxes; banker's acceptances; certificates of deposits; commercial paper, repurchase agreements; real and personal property; mortgages; and certain other investments.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Market values for common stocks and money market funds are based on September 30, 2005, closing market quotations. Fixed debt quotations are provided by a national brokerage pricing service. Mortgage market values are determined on the basis of comparable yields available in the marketplace.

The Plan did not hold any individual investments other than those in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2005, and 2004.

Contributions

The Plan's basic benefits are funded by contributions from the State of Michigan through prior agreement, by active members, process service fees and by investment income earned on Plan assets. The Plan members contribute 3.0 percent of the first \$4,200 of annual compensation plus 5.0 percent of annual compensation in excess of \$4,200.

The funding policy provides for periodic contributions based upon a fundamental financial objective of having rates of contribution that remain relatively level from generation to generation. To determine the employer contribution rates and to assess the extent to which the fundamental financial objective is being achieved, the Plan has actuarial valuations prepared annually. In preparing those valuations, the entry age normal actuarial cost method is used to determine normal cost and actuarial accrued liabilities.

Annual Pension Cost

For the fiscal year ended September 30, 2005, there were no required contributions or actual contributions made by the County. The annual pension cost of \$28,850 was equal to the actual contributions provided by the State of Michigan. The annual required contribution was determined using an actuarial valuation of the Plan as of September 30, 2004. Contributions were determined using an entry age actuarial cost method. The over funding of required contributions is being amortized over 25 years.

Pension Benefits

Employees with 25 years of service and having attained age 50, as well as employees with five years of service and having attained age 60, are entitled to annual pension benefits upon reaching the applicable retirement age. There is no mandatory retirement age. Pension benefits are calculated as total years of service multiplied by 2.0 percent of average final compensation. The maximum portion financed by the WCERS is 75 percent of average final compensation.

There were 6 active participants in the Plan for 2005 (all of whom were vested), and 6 retirees and beneficiaries receiving benefits.

Three-Year Trend Information

(Dollar amount in thousands)

<u>Fiscal</u> <u>Year Ended</u> <u>September 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2003	-	-	-
2004	-	-	-
2005	-	-	-

CHARTER COUNTY OF WAYNE, MICHIGAN
Notes to the Basic Financial Statements
For the year ended September 30, 2005

Reserves (Circuit Court)

As of September 30, 2005, the Plan's legally required reserves have been fully funded as follows:

Reserve for employee contributions	\$ 1,418,649
Reserve for employer contributions	2,059,891
Reserve for pension payments	902,653
Reserve for inflation equity	4,678
Unallocated net assets	<u>691,698</u>
Total reserves balances	<u>\$ 5,077,569</u>

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS (UNAUDITED)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	September 30, 2004
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percentage of pay
Remaining amortization period	25 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
*Investment rate of return	7.0%
*Projected salary increases	3.0%
Cost-of-living adjustments	Inflation equity reserve distributions
*Indicated inflation of 3.0%	

Factors that significantly affect the identification of trends in the amounts reported include, for example, changes in benefit provisions, the size or composition of the population covered by the Plan, or the actuarial methods and assumptions used.

Wayne County Employees' Retirement System Defined Contribution Plan

The Wayne County Employees' Retirement System instituted a Defined Contribution Plan, a single employer plan ("Plan Option 4 and Plan Option 5") under the County's Enrolled Ordinance No. 86-486 (November 20, 1986), as amended. The Plan was established to provide retirement, survivor and disability benefits to County employees. The administration, management and responsibility for the proper operation of the Plan are vested in the trustees of the Wayne County Retirement Commission.

Under Plan Option 4, the County contributes \$4.00 for every \$1.00 contributed by each member, or for eligible executives; \$5.00 for every \$1.00 contributed by each member, with the member contributions ranging from 1.0 percent to 2.5 percent of base compensation. For eligible executives, the County contributes 12.5 percent of the member's compensation, with the member contribution limited to 2.5 percent of compensation. Employees hired prior to July 1, 1984, are eligible to transfer from the Wayne County Employees' Retirement System Defined Benefit Plan to the Plan through September 30, 2002. At September 30, 2004, the date of the most recent actuarial valuation, there were 4,842

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

employees in the Plan. Classified employees are vested as to employer contributions after three years of service, and executive members are vested after two years of service.

Participants in Plan Option 5 contribute three percent of gross pay. The County makes matching contributions at a rate equal to the amount contributed by each employee. At September 30, 2004, there were 1,423 employees in the Plan. Classified employees are vested at 50 percent after one year of service, 75 percent after two years of service, and 100 percent after three years of service. All full-time permanent County employees are eligible to join the Plan. Those employees hired prior to July 1, 1984, were eligible to transfer from the WCERS Defined Benefit Plan to the Plan through September 30, 2002. Effective October 1, 2001, the County closed Plan Option 4 to new hires, except for new executives. Plan Option 5 is available to all persons hired after September 30, 2001.

Total employer and employee contributions for Plan Option 4 and 5, during 2005, were \$25.8 million and \$7.8 million, respectively.

In Plan Option 4, members are able to receive loans from the Defined Contribution Plan. Only active employees with a vested account balance of \$2,000 or more are eligible. Interest on the loans is at the rate of five-year Treasury notes plus 300 basis points (3 percent) rounded to the nearest quarter of a percent.

The Plan uses the accrual basis of accounting, which recognizes revenues as earned and expenses as incurred. Market values for common stock, money market funds and mutual funds are based on September 30, 2005, closing market quotations.

The Plan did not hold any individual investments, other than investments in registered investment companies or investments issued or guaranteed by the U.S. government that exceeded five percent of total assets as of September 30, 2005, and 2004.

Other Post Retirement Benefit Obligations

The County provides hospitalization and other health insurance for retirees pursuant to agreements with various collective bargaining units or other actions of the Wayne County Commission or the Wayne County Retirement Commission Trustees. Benefits are provided to retirees under the age of 65 and their eligible dependents, and the cost of federal Medicare premiums and supplemental hospitalization for retirees over 65 and their eligible dependents, as these costs are incurred by the retirees. The County paid approximately \$44.8 million for these benefits for the fiscal year ended September 30, 2005, exclusive of retiree life insurance. The County pays the cost of the basic retiree life insurance, up to \$5,000 per employee, on a pay as you go basis. Total costs for the year ended September 30, 2005, amounted to \$2.2 million. There were 5,596 retirees as of September 30, 2005, eligible for benefits.

Substantially all County employees may become eligible for benefits if they reach normal retirement age while employed by the County. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 12, *Disclosure of Information of Post Employment Benefits Other Than Pension Benefits*, no determination of the County's continuing obligation for these benefits has been made as of September 30, 2005.

Deferred Compensation Plan

The County has made available to all permanent employees a deferred compensation plan (the Plan) established in accordance with Internal Revenue Code Section 457. The Plan permits participating

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

employees to defer a portion of their salary until future years. Accumulated deferred compensation amounts are not available to employees or their estates until retirement, death, termination of employment or unforeseeable emergency.

All assets of the Plan are (until paid or made available to the participant or beneficiary) held in trust by a third party administrator for the exclusive benefit of the participants and their beneficiaries. The assets are invested in annuity contracts and mutual funds. It is the opinion of the County's Corporation Counsel that the County has no liability for losses under the Plan but does have the fiduciary duty of due care that would be required of an ordinary prudent investor.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457, Deferred Compensation Plans*, the assets and liabilities of the deferred compensation plan have been removed from the County's financial statements.

(13) Fund Deficits

The County is required by its Home Rule Charter and State statutes, specifically Public Act 2 of 1968 and Public Act 275 of 1980, as amended, to operate under a plan to eliminate any undesignated fund deficits.

Governmental Funds

The fund deficit recorded in the *Juvenile Justice and Abuse/Neglect Fund*, a major fund, amounted to \$21,385,133 at September 30, 2005. This deficit will be carried over to the next fiscal year and funded from additional general fund appropriations and grant revenues.

The fund deficit recorded in the *Rouge Demonstration Project Fund* amounted to \$1,313,376 at September 30, 2005. This deficit will be carried over to the next fiscal year and funded from additional general fund appropriations.

The fund deficit recorded in the *Law Enforcement Fund* amounted to \$476,151 at September 30, 2005. This deficit will be carried over to the next fiscal year and funded from additional general fund appropriations and from additional fees and fines.

The fund deficit in the *E&ND – 21ST Century Fund* amounted to \$1,182,308 at September 30, 2005. This deficit will be carried over to the next fiscal year and funded from additional general fund appropriations and additional charges, fees, and fines.

The fund deficit recorded in the *Nuisance Abatement Fund* amounted to \$2,391,556 at September 30, 2005. This deficit will be carried over to the next fiscal year and funded from additional general fund appropriations and from additional fees and fines.

Proprietary Fund

The General Health Internal Service Fund had a deficit of \$188,563 in net assets. This deficit will be funded from additional charges.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

Component Units

Fund deficits recorded in individual *Chapter 8 Drainage Districts* at September 30, 2005, amounted to approximately \$3,609,998. These deficits are expected to be eliminated through future assessments.

Fund deficits recorded in individual *Chapter 20 Drainage Districts* at September 30, 2005, amounted to approximately \$495,214. These deficits are expected to be eliminated through future assessments.

Fund deficits recorded in individual *Chapter 21 Drainage Districts* at September 30, 2005, amounted to approximately \$366,565. These deficits are expected to be eliminated through future assessments.

The fund deficit recorded in the *Circuit Court Fund* at September 30, 2005, amounted to \$23,525,576. As a result of an agreement with the Court, general fund appropriations will fund \$10.0 million of this deficit at the rate of \$2.0 million per year, commencing with the fiscal year ended September 30, 2005. The remaining deficit is expected to be eliminated partly through enhanced revenue collection, expenditure reductions and improved efficiencies in certain Court functions, either through reorganization and/or elimination.

(14) Commitment and Contingencies

Claims, litigation, and assessments for the year ended September 30, 2005, and prior years, which were settled shortly after September 30, 2005, have been charged to current fiscal year operations. Claims, litigation, and assessments asserted against the County, which are probable of loss and estimable in amount, are reflected in the government-wide financial statements at September 30, 2005. In the governmental fund financial statements, liabilities are accrued when costs are settled and the amount is due and payable.

The U.S. Environmental Protection Agency has formally notified the County that it is in violation of the Federal Clean Water Act. On February 11, 1994, the County was required by a consent decree to make certain improvements to the Downriver Sewage Disposal System to address the immediate public health and welfare needs of the residents of those communities. The County issued bonds to cover the estimated cost of these additional improvements. The debt service on the bonds is paid by the participating local communities. The total cost of the improvements is expected to be approximately \$335 million.

In May 1999, the County authorized the expenditure of up to \$50 million for land acquisition and land development costs associated with the Pinnacle Aeropark Project. The Pinnacle Project was conceived at a state of the art business and technology park with associated recreational uses. The project area is 1,300 acres in size and will be linked to the McNamara Terminal at the Detroit Metropolitan Wayne County Airport.

In order to complete land acquisition and assembly for this project, the County commenced eminent domain proceedings against owners who refused to sell. A few property owners, representing about 2% of the total project area, challenged the County's authority to condemn their land. In July of 2004, the Michigan Supreme Court in County of Wayne vs. Hathcock reversed its 1981 decision in Poletown that allowed governments to take private property for "public use" in economic development projects like the Pinnacle Project. The Court held that the term "public use" was originally interpreted to allow condemnation of property only to carry out necessary functions of government, such as to build roads. Accordingly, the County could not legally acquire this property through eminent domain.

CHARTER COUNTY OF WAYNE, MICHIGAN

Notes to the Basic Financial Statements

For the year ended September 30, 2005

More than two years after the Supreme Court's ruling, one of the prevailing property owners brought an inverse condemnation claim against the County. The owner claims that following the County's acquisition efforts, it was unable to lease its rental home located on the property, which home was subsequently vandalized and destroyed by fire. The County intends to vigorously defend this claim.

There are several possible courses of action that may be taken by the owners of the other parcels that were the subject of the Supreme Court's decision, such as filing other inverse condemnation claims. Management is unable to predict the final outcome of this matter or the ultimate effect, if any, on the County's operations or financial condition.

The County receives funds from other governmental units to finance specific grants. The final determination of allowable amounts is subject to financial and compliance audits by the responsible agencies. As of September 30, 2005, the audits of certain programs were not completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. Provision for certain expected disallowances has been made as of September 30, 2005. However, the amount, if any, of other expenditures that may be disallowed by the granting agencies cannot be determined at this time. County management believes that such amounts, if any, would not be material.

Payments made by the Detroit-Wayne County Community Mental Health Agency (the Agency) to its service providers are currently under audit by the Michigan Department of Community Health, Office of Audit (Office of Audit) for the fiscal years ended September 30, 1999, and September 30, 2000. In October 2003, the Office of Audit issued its preliminary findings identifying approximately \$26.2 million in potential overpayments to service providers. In May 2005, the Office of Audit increased its preliminary estimate of \$32.9 million in potential overpayments to service providers. As negotiations are ongoing, management is unable to make a meaningful estimate of the amount or range of loss that could result from an unfavorable outcome of this matter. However, due to the significant amount and nature of these contingencies, management has designated \$26.2 million in unreserved fund balance.

The Agency's Special Services and Supports Managed Care Contract with the State allows the Agency to carry-forward surplus Medicaid and State general fund dollars, subject to certain limitations, for use in operations in the next fiscal year. The Agency's preliminary estimate of the amount of surplus funds eligible for carry-forward as of September 30, 2005, is \$22,602,083. If the amount of the carry-forward is not approved by the State as part of the Agency's re-investment plan, the amount becomes due and payable to the State. The Agency has designated fund balance for this amount, pending final approval by the State.

The Agency is also both a defendant and plaintiff in several lawsuits and claims resulting from unresolved service provider audits. The outcome of these matters is not reasonably determinable.

The County is a defendant in a number of other lawsuits, a party in other disputes, and subject to claims and property tax appeals, which have resulted from its activities in providing services to the citizens of Wayne County. The ultimate unrecorded effect on the County's financial statements of the resolution of these matters is, in the opinion of management, not expected to be material.

(15) Subsequent Events

In August 2006, the County offered early retirement incentives to certain eligible employees. The purpose of the retirement incentives was to limit or possibly avoid a reduction in workforce through involuntary layoffs and displacements. Those employees who file for retirement by September 15, 2006, are eligible for the retirement incentives on November 1, 2006. The cost of this incentive cannot be determined until after November 1, 2006.

**REQUIRED SUPPLEMENTARY
INFORMATION
(OTHER THAN MD&A)**

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds General Fund For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 335,688,555	341,788,555	405,415,356	63,626,801
Licenses and permits	175,000	175,000	266,541	91,541
Federal grants	320,300	4,361,856	6,829,947	2,468,091
State grants and contracts	100,145,600	98,009,552	51,754,241	(46,255,311)
Local grants and contracts	3,489,700	1,125,500	1,321,237	195,737
Charges for services	74,272,025	77,680,327	80,690,698	3,010,371
Interest and rents	2,000,000	2,000,000	3,183,887	1,183,887
Other	17,594,300	17,666,200	17,559,006	(107,194)
Total revenues	533,685,480	542,806,990	567,020,913	24,213,923
Expenditures:				
Current operations:				
Legislative	11,279,200	11,421,671	11,024,055	(397,616)
Judicial	93,222,100	93,222,100	96,376,668	3,154,568
General government	97,427,000	99,314,338	92,324,942	(6,989,396)
Public safety	117,185,661	123,377,813	127,799,865	4,422,052
Public works	1,213,771	1,213,771	1,318,381	104,610
Highways, streets, and bridges	-	-	-	-
Health and welfare	84,883,298	85,144,650	91,212,911	6,068,261
Recreational and cultural	-	-	-	-
Non-departmental	14,463,200	19,191,079	26,348,344	7,157,265
Capital outlay	394,100	436,710	899,499	462,789
Debt service	976,800	976,800	-	(976,800)
Total expenditures	421,045,130	434,298,932	447,304,665	13,005,733
Excess (deficiency) of revenues over (under) expenditures	112,640,350	108,508,058	119,716,248	11,208,190
Other Financing Sources (Uses):				
Transfers in (Note 10)	18,893,600	27,987,036	98,773,922	70,786,886
Transfers out (Note 10)	(131,533,950)	(136,495,094)	(213,956,119)	(77,461,025)
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	3,254	3,254
Total other financing sources (uses):	(112,640,350)	(108,508,058)	(115,178,943)	(6,670,885)
Net change in fund balance	-	-	4,537,305	4,537,305
Fund balance at October 1, 2004	19,100,027	19,100,027	19,100,027	-
Fund balance at September 30, 2005	\$ 19,100,027	19,100,027	23,637,332	4,537,305

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds Roads Fund For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	14,863,518	14,863,518	1,103,000	(13,760,518)
State grants and contracts	97,693,919	97,693,919	96,865,406	(828,513)
Local grants and contracts	2,334,912	2,334,912	4,549,448	2,214,536
Charges for services	12,164,733	12,164,733	6,440,722	(5,724,011)
Interest and rents	1,186,643	1,186,643	959,448	(227,195)
Other	13,310	13,310	12,775	(535)
Total revenues	128,257,035	128,257,035	109,930,799	(18,326,236)
Expenditures:				
Current operations:				
Personnel	43,193,146	42,739,389	42,674,813	(64,576)
Fringe benefits	14,993,025	18,054,565	17,105,807	(948,758)
Pension	4,229,535	5,439,528	4,565,259	(874,269)
Materials and supplies	12,313,100	12,025,100	14,091,071	2,065,971
Contractual services	41,210,731	38,245,963	15,147,793	(23,098,170)
Travel	397,300	387,300	260,049	(127,251)
Operating	5,850,779	5,909,771	6,567,859	658,088
Rentals	637,995	577,995	543,244	(34,751)
Other charges	539,041	499,041	1,471,964	972,923
Capital outlay	5,236,650	7,150,646	9,520,675	2,370,029
Debt service	-	-	-	-
Total expenditures	128,601,302	131,029,298	111,948,534	(19,080,764)
Excess (deficiency) of revenues over (under) expenditures	(344,267)	(2,772,263)	(2,017,735)	754,528
Other Financing Sources (Uses):				
Transfers in (Note 10)	-	-	-	-
Transfers out (Note 10)	(5,979,490)	(5,979,490)	(5,939,109)	40,381
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	285,461	285,461	115,694	(169,767)
Total other financing sources (uses):	(5,694,029)	(5,694,029)	(5,823,415)	(129,386)
Net change in fund balance	(6,038,296)	(8,466,292)	(7,841,150)	625,142
Fund balance at October 1, 2004	8,934,303	8,934,303	8,934,303	-
Fund balance at September 30, 2005	\$ 2,896,007	468,011	1,093,153	625,142

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds Mental Health Fund For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	23,488,927	22,300,893	10,814,329	(11,486,564)
State grants and contracts	489,366,841	489,504,301	517,119,002	27,614,701
Local grants and contracts	199,650	177,750	172,101	(5,649)
Charges for services	224,419	224,419	935	(223,484)
Interest and rents	660,000	2,364,175	2,990,151	625,976
Other	-	-	-	-
Total revenues	513,939,837	514,571,538	531,096,518	16,524,980
Expenditures:				
Current operations:				
Personnel	9,886,300	10,227,884	8,127,370	(2,100,514)
Fringe benefits	3,625,900	3,660,614	3,339,626	(320,988)
Pension	970,000	970,000	821,383	(148,617)
Materials and supplies	548,200	606,200	428,430	(177,770)
Contractual services	484,682,534	483,842,562	484,594,236	751,674
Travel	142,300	257,300	234,640	(22,660)
Operating	25,016,205	18,874,705	4,140,802	(14,733,903)
Rentals	815,100	940,100	876,371	(63,729)
Other charges	-	-	-	-
Capital outlay	-	43,000	76,047	33,047
Debt service	-	-	-	-
Total expenditures	525,686,539	519,422,365	502,638,905	(16,783,460)
Excess (deficiency) of revenues over (under) expenditures	(11,746,702)	(4,850,827)	28,457,613	33,308,440
Other Financing Sources (Uses):				
Transfers in (Note 10)	17,733,700	17,733,700	17,733,700	-
Transfers out (Note 10)	(5,986,998)	(12,882,873)	(12,882,809)	64
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses):	11,746,702	4,850,827	4,850,891	64
Net change in fund balances	-	-	33,308,504	33,308,504
Fund balance at October 1, 2004	56,990,303	56,990,303	56,990,303	-
Fund balance at September 30, 2005	\$ 56,990,303	56,990,303	90,298,807	33,308,504

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds Health Fund For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	155,000	384,502	8,684,822	8,300,320
State grants and contracts	7,890,100	8,522,564	4,082,582	(4,439,982)
Local grants and contracts	120,000	167,750	6,727	(161,023)
Charges for services	16,008,700	21,646,146	19,077,010	(2,569,136)
Interest and rents	-	-	-	-
Other	-	-	2,725	2,725
Total revenues	24,173,800	30,720,962	31,853,866	1,132,904
Expenditures:				
Current operations:				
Personnel	10,713,500	10,745,812	9,342,940	(1,402,872)
Fringe benefits	3,984,600	3,932,497	3,842,691	(89,806)
Pension	1,038,100	1,020,508	936,930	(83,578)
Materials and supplies	421,100	691,591	4,533,643	3,842,052
Contractual services	17,916,500	24,122,653	20,559,498	(3,563,155)
Travel	319,600	326,637	297,130	(29,507)
Operating	247,400	264,282	259,665	(4,617)
Rentals	729,600	732,400	430,599	(301,801)
Other charges	147,400	228,582	68,327	(160,255)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	35,517,800	42,064,962	40,271,423	(1,793,539)
Excess (deficiency) of revenues over (under) expenditures	(11,344,000)	(11,344,000)	(8,417,557)	2,926,443
Other Financing Sources (Uses):				
Transfers in (Note 10)	11,344,000	11,344,000	8,749,190	(2,594,810)
Transfers out (Note 10)	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	269	269
Total other financing sources (uses):	11,344,000	11,344,000	8,749,459	(2,594,541)
Net change in fund balances	-	-	331,902	331,902
Fund balance at October 1, 2004	(331,902)	(331,902)	(331,902)	-
Fund balance at September 30, 2005	\$ (331,902)	(331,902)	-	331,902

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Budgetary Comparison Schedule Major Governmental Funds Juvenile Justice and Abuse/Neglect Fund For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	541,300	434,792	(106,508)
State grants and contracts	75,447,400	81,780,047	82,648,490	868,443
Local grants and contracts	384,600	384,600	347,100	(37,500)
Charges for services	1,935,000	1,653,600	88,528	(1,565,072)
Interest and rents	-	-	-	-
Other	-	-	1,965	1,965
Total revenues	<u>77,767,000</u>	<u>84,359,547</u>	<u>83,520,875</u>	<u>(838,672)</u>
Expenditures:				
Current operations:				
Personnel	13,761,000	17,564,028	17,781,537	217,509
Fringe benefits	4,881,100	6,315,737	6,581,841	266,104
Pension	1,339,900	1,718,508	1,637,017	(81,491)
Materials and supplies	477,200	505,975	356,267	(149,708)
Contractual services	139,886,300	147,801,157	156,045,894	8,244,737
Travel	63,200	64,400	43,247	(21,153)
Operating	131,800	174,364	148,201	(26,163)
Rentals	3,616,800	3,612,600	3,432,440	(180,160)
Other charges	38,100	41,900	16,300	(25,600)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>164,195,400</u>	<u>177,798,669</u>	<u>186,042,744</u>	<u>8,244,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(86,428,400)</u>	<u>(93,439,122)</u>	<u>(102,521,869)</u>	<u>(9,082,747)</u>
Other Financing Sources (Uses):				
Transfers in (Note 10)	86,428,400	93,439,122	97,964,381	4,525,259
Transfers out (Note 10)	-	-	-	-
Proceeds from bond issuances	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses):	<u>86,428,400</u>	<u>93,439,122</u>	<u>97,964,381</u>	<u>4,525,259</u>
Net change in fund balances	-	-	(4,557,488)	(4,557,488)
Fund balance at October 1, 2004	<u>(16,827,645)</u>	<u>(16,827,645)</u>	<u>(16,827,645)</u>	-
Fund balance at September 30, 2005	<u>\$ (16,827,645)</u>	<u>(16,827,645)</u>	<u>(21,385,133)</u>	<u>(4,557,488)</u>

See accompanying notes to required supplementary information.

CHARTER COUNTY OF WAYNE, MICHIGAN

Required Supplementary Information
For the year ended September 30, 2005

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

(Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets *	Actuarial Accrued Liability (AAL)	(Overfunded) Unfunded AAL (UAAL)	Funded Ratio (a)/(b)	Covered + Payroll (c)	UAAL as a Percent of Covered Payroll [(b)-(a)]/(c)
	(a)	(b)	(b)-(a)			
09/30/99	965.8	915.3	(50.5)	105.5%	256.4	N/A
09/30/00&	1,028.6	947.6	(81.0)	108.5%	275.6	N/A
09/30/01#	1,041.6	979.2	(62.4)	106.4%	294.1	N/A
09/30/02**	1,043.3	1,010.7	(32.6)	103.2%	309.0	N/A
09/30/03**	996.6	1,007.7	11.1	98.9%	289.3	3.8%
09/30/04**#	910.1	959.7	49.6	94.8%	343.3	14.4%

- # After changes in benefit provisions or revised actuarial assumptions
* Excludes reserve for inflation equity
+ Includes defined contribution plan payroll
& Change in Inflation Equity calculation
** Includes Hybrid Plan 5

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)

(Dollar Amount in Thousands)

	Fiscal Year Ended September 30	Annual Required Contributions	Actual Contributions	Percent Contributed
	2000	3,805	3,805	100.0%
	2001	39	39	100.0%
	2002	-	45	100.0%
(1)	2003	1,328	3,002	226.1%
(2)	2004	6,326	7,374	116.6%
(2)	2005	10,647	11,106	104.3%

- (1) The actual contribution includes a provision for the Wayne County Hybrid Retirement Plan 5, which was not included in the September 30, 2002 actuarial valuation.
(2) Includes Hybrid Plan 5 after 2003.

CHARTER COUNTY OF WAYNE, MICHIGAN
Note to Required Supplementary Information
For the year ended September 30, 2005

(1) Budgets and Budgetary Accounting

Annual budgets are adopted for the General Fund, special revenue funds, debt service funds and for certain other governmental and proprietary activities. The budgetary comparison schedules included as required supplementary information and as other supplementary information were prepared on the same modified accrual basis used to reflect actual results.

The County Executive prepares and submits a proposed operating budget during June of each year to the Wayne County Commission (the Commission) for the year beginning October 1. After public hearings to obtain taxpayers' comments, the budget is legally enacted through passage of an ordinance by the Commission (the Appropriations Ordinance). The appropriated budget for the General Fund is adopted by function (general government, public safety, public works, etc.) and by activity, generally. The legal level of budgetary control for the special revenue funds and the debt service funds is at the fund level. For the Roads Fund, the budget is prepared in accordance with the State of Michigan Uniform Accounting Procedures Manual for County Road Commissions. The Uniform Accounting Procedures Manual requires that federal grant revenue be included in the accounts and budgets for the Roads Fund.

Amendments to appropriations that change the County's appropriations ordinance require the approval of the Commission. Certain transfers within line items that do not affect aggregate departmental appropriations may be made without the Commission's approval. Expenditures are required to remain within appropriated amounts. All appropriations lapse at the end of the fiscal year. The Budgetary Comparison Schedules are presented at the minimum legal level of budgetary control.

For budgetary purposes at year end, encumbrances of the budgeted governmental funds, representing purchase orders, contracts and other commitments, lapse and must be re-appropriated in the following year. All unencumbered appropriations lapse at the end of the year, except for capital projects fund appropriations, which are carried forward until such time as the project is completed or terminated.

**OTHER SUPPLEMENTARY
INFORMATION – COMBINING AND INDIVIDUAL
FUND STATEMENTS/SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

***Special Revenue Funds** are used to account for specific revenues that are legally restricted for expenditure for particular purposes.*

***Debt Service Funds** are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources, and for special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.*

***Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.*

Special Revenue Funds

Revenue Sharing Reserve Fund – This fund was created under Michigan Public Act 357 of 2004 to serve as a substitute to state revenue sharing payments. This fund provides a funding mechanism to shift county property tax levels from winter to summer over a three-year period.

Parks – This fund is used to account for the operation and maintenance of the Warren Valley and Inkster Valley Golf Courses and the preservation, protection, maintenance and management of Wayne County park grounds and facilities. The fund also includes all marina-related activities, including transient slip, launching, and fishing at Elizabeth Park.

Rouge Demonstration Project – This fund accounts for the activities of the Rouge River National Wet Weather Demonstration Project. This project is funded by federal grants and related local municipalities.

Law Enforcement – This fund accounts for several law enforcement grant activities, such as safety belt enforcement and criminal law review.

County Library – This fund is used to account for Wayne County revenue designated for library purposes.

Community Development Block Grants – This fund is used to account for the County's community development activities with participating communities to create economic and community development projects. The projects are funded by federal block grant money.

Drug Enforcement – Through covert operations, the Drug Enforcement Unit enforces State of Michigan drug laws throughout the County and acts in concert with federal law enforcement agencies. This fund accounts for that activity.

Nutrition – This fund is used to account for nutritional services provided to homebound senior citizens in western Wayne County and downriver areas.

Veteran's Trust – This fund accounts for emergency funding for indigent veterans provided by the State of Michigan.

Economic and Neighborhood Development (E&ND) – 21st Century – This fund accounts for economic development within Wayne County communities.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

***Special Revenue Funds** are used to account for specific revenues that are legally restricted for expenditure for particular purposes.*

***Debt Service Funds** are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources, and for special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.*

***Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.*

Special Revenue Funds, Continued

Community Corrections – This fund accounts for Alternative Work Force activity and other programs for offenders.

Victim Witness – This fund accounts for counseling services, community referrals, public information and prevention, notification of court date, and court support offered to victims of crime.

Soldiers' Relief – This fund accounts for emergency funding for indigent veterans and their families, and for burial relief for eligible veterans.

Youth Services – The fund accounts for deterrent programs and other youth services.

Building Authority – This fund accounts for the operation and maintenance activities of the Building Authority.

Stadium and Land Development – This fund is used to account for the collection of excise taxes on hotel accommodations and car rentals used for stadium and land development.

Budget Stabilization – This fund was established by charter and is used to account for funds set aside from the General Fund under the provisions of Public Act 30 of 1978.

Environmental Programs – This fund accounts for the activities of the air quality management and land resource management programs.

Nuisance Abatement – This fund accounts for activity related to the prosecution of forfeiture, nuisance and criminal environmental enforcement actions. The activities include seizures of assets derived from illegal activity, including illegal drug activity, seizures of vehicles in connection with drug buys and prostitution, and prosecution of nuisance actions associated with abandoned properties.

Head Start – This fund accounts for Head Start program services.

Pinnacle Aeropark – This fund is used to account for the appropriations for the Pinnacle Aeropark project.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

***Special Revenue Funds** are used to account for specific revenues that are legally restricted for expenditure for particular purposes.*

***Debt Service Funds** are used to account for the accumulation of resources and the payment of general obligation bond principal and interest from governmental resources, and for special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for the payment.*

***Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.*

Debt Service Funds

General Debt Service – This fund is used to account for the debt service associated with the Fiscal Stabilization Bonds.

Roads – This fund is used to account for the debt service associated with the various County Road operations.

Wayne County Building Authority – This fund is used to account for the debt associated with the County's jails, the capital improvement program, and the Refunding Program Revenue Bonds.

Capital Projects Funds

Wayne County Construction – This fund is used to account for the costs associated with structural repairs to the tower of the Wayne County building and renovations to the Wayne County Prosecutor's offices.

Wayne County Building Authority Construction – This fund is used to account for the funding and costs of constructing new facilities or for major renovations of existing facilities.

County Roads Projects – This fund is used to account for construction associated with various County road projects.

Other Capital Projects – This fund is used to account for miscellaneous capital projects for which a separate fund has not been specifically designated.

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet
As of September 30, 2005

	Special Revenue Funds			
	Revenue Sharing Reserve	Parks	Rouge Demonstration Project	Law Enforcement
<u>Assets</u>				
Equity in pooled cash and investments	\$ 9,377,058	\$ 539,653	-	99,776
Other cash and investments	-	19,068	500	-
Due from other funds	-	12,351,029	-	-
Due from component units	-	70,415	-	-
Receivables:				
Accounts receivable	-	-	564,567	1,987,399
Due from other governmental units	-	1,183,301	92,040	176,518
Less allowance for uncollectible accounts	-	-	-	(140,460)
Supplies inventory, at cost	-	40,304	-	-
Total assets	<u>\$ 9,377,058</u>	<u>\$ 14,203,770</u>	<u>657,107</u>	<u>2,123,233</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and contracts payable	\$ -	\$ 2,916,228	2,595	280,040
Due to other funds	-	38,289	1,843,875	1,811,468
Due to component units	-	-	107,832	391,278
Accrued wages and benefits	-	58,186	16,181	57,409
Other liabilities	-	318,227	-	-
Deferred revenue	-	1,011,333	-	59,189
Total liabilities	-	4,342,263	1,970,483	2,599,384
Fund Balances:				
Reserved for supplies inventory	-	40,304	-	-
Reserved for debt service	-	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved	9,377,058	9,821,203	(1,313,376)	(476,151)
Total fund balances	<u>9,377,058</u>	<u>9,861,507</u>	<u>(1,313,376)</u>	<u>(476,151)</u>
Total liabilities and fund balances	<u>\$ 9,377,058</u>	<u>\$ 14,203,770</u>	<u>657,107</u>	<u>2,123,233</u>

Special Revenue Funds

County Library	Community Development Block Grants	Drug Enforcement	Nutrition	Veteran's Trust
101,241	-	341,642	353,039	11,375
500	-	-	10,250	-
-	-	-	-	-
-	-	-	-	-
-	-	13,680	55,968	18,547
1,544,176	1,812,322	95,655	603,296	-
(55,629)	-	(12,489)	-	-
-	-	-	-	-
1,590,288	1,812,322	438,488	1,022,553	29,922
94,277	335,928	2,741	119,669	-
941,876	1,459,416	7,799	696,266	-
-	-	-	-	-
35,249	4,982	14,270	27,630	-
-	-	9,027	3,803	-
279,290	2,062	37,206	175,185	-
1,350,692	1,802,388	71,043	1,022,553	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
239,596	9,934	367,445	-	29,922
239,596	9,934	367,445	-	29,922
1,590,288	1,812,322	438,488	1,022,553	29,922

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet
As of September 30, 2005

	Special Revenue Funds			
	E & ND 21st Century	Community Corrections	Victim Witness	Soldiers' Relief
<u>Assets</u>				
Equity in pooled cash and investments	\$ 330,507	182,329	185,153	1,186,942
Other cash and investments	290	600	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Receivables:				
Accounts receivable	143,524	712,338	-	-
Due from other governmental units	2,061,411	1,700,699	-	-
Less allowance for uncollectible accounts	-	(26,968)	-	-
Supplies inventory, at cost	-	-	-	-
Total assets	<u>\$ 2,535,732</u>	<u>2,568,998</u>	<u>185,153</u>	<u>1,186,942</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and contracts payable	\$ 219,930	1,437,231	-	64,249
Due to other funds	2,212,037	929,180	176,345	2,632
Due to component units	-	-	-	-
Accrued wages and benefits	22,647	16,240	8,808	4,373
Other liabilities	73,412	-	-	-
Deferred revenue	1,190,014	123,266	-	-
Total liabilities	3,718,040	2,505,917	185,153	71,254
Fund Balances:				
Reserved for supplies inventory	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved	(1,182,308)	63,081	-	1,115,688
Total fund balances	<u>(1,182,308)</u>	<u>63,081</u>	<u>-</u>	<u>1,115,688</u>
Total liabilities and fund balances	<u>\$ 2,535,732</u>	<u>2,568,998</u>	<u>185,153</u>	<u>1,186,942</u>

Special Revenue Funds

Youth Services	Building Authority	Stadium and Land Development	Budget Stabilization
1,519,316	45	746,000	3,000,000
-	-	-	-
-	-	6,913	-
-	-	-	-
61,486	-	11,404	-
-	-	-	-
-	-	-	-
-	-	-	-
1,580,802	45	764,317	3,000,000
177,512	-	-	-
-	-	216,812	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
177,512	-	216,812	-
-	-	-	-
-	-	-	-
-	-	-	-
1,403,290	45	547,505	3,000,000
1,403,290	45	547,505	3,000,000
1,580,802	45	764,317	3,000,000

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet, Continued
As of September 30, 2005

	Special Revenue Funds			
	Environmental Programs	Nuisance Abatement	Head Start	Pinnacle Aeropark
<u>Assets</u>				
Equity in pooled cash and investments	\$ 2,173,960	-	1,711,304	-
Other cash and investments	200	-	-	-
Due from other funds	-	-	-	1,950,442
Due from component units	-	-	-	4,157,237
Receivables:				
Accounts receivable	65,377	13,979	-	-
Due from other governmental units	60,065	13,356	262,059	-
Less allowance for uncollectible accounts	-	(5,761)	-	-
Supplies inventory, at cost	-	-	-	-
Total assets	<u>\$ 2,299,602</u>	<u>21,574</u>	<u>1,973,363</u>	<u>6,107,679</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and contracts payable	\$ 60,129	161,931	1,962,305	25,743
Due to other funds	9,153	2,229,541	4,221	5,480,160
Due to component units	-	-	-	-
Accrued wages and benefits	12,560	17,093	6,837	-
Other liabilities	-	-	-	-
Deferred revenue	15,570	4,565	-	-
Total liabilities	97,412	2,413,130	1,973,363	5,505,903
Fund Balances:				
Reserved for supplies inventory	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved	2,202,190	(2,391,556)	-	601,776
Total fund balances	<u>2,202,190</u>	<u>(2,391,556)</u>	<u>-</u>	<u>601,776</u>
Total liabilities and fund balances	<u>\$ 2,299,602</u>	<u>21,574</u>	<u>1,973,363</u>	<u>6,107,679</u>

Debt Service Funds		
General Debt Service	Roads	Wayne County Building Authority
27,028,774	11,839	9,120,105
-	-	-
-	-	-
-	-	-
-	-	10,769
-	-	-
-	-	-
-	-	-
27,028,774	11,839	9,130,874
-	-	3,533
-	-	3,482,885
-	-	-
-	-	-
13,334	-	-
-	-	-
13,334	-	3,486,418
-	-	-
27,015,440	11,839	5,644,456
-	-	-
-	-	-
27,015,440	11,839	5,644,456
27,028,774	11,839	9,130,874

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Balance Sheet, Continued
As of September 30, 2005

	Capital Projects Funds			
	Wayne County Construction	Wayne County Building Authority Construction	County Roads Projects	Other Capital Projects
<u>Assets</u>				
Equity in pooled cash and investments	\$ 2,451,942	6,731,941	6,378	533,266
Other cash and investments	-	-	-	-
Due from other funds	-	-	-	-
Due from component units	-	-	-	-
Receivables:				
Accounts receivable	-	3,631	-	-
Due from other governmental units	-	-	-	-
Less allowance for uncollectible accounts	-	-	-	-
Supplies inventory, at cost	-	-	-	-
Total assets	<u>\$ 2,451,942</u>	<u>6,735,572</u>	<u>6,378</u>	<u>533,266</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts and contracts payable	\$ -	-	-	-
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Other liabilities	38,524	-	138	402,828
Deferred revenue	-	-	-	-
Total liabilities	38,524	-	138	402,828
Fund Balances:				
Reserved for supplies inventory	-	-	-	-
Reserved for debt service	-	-	-	-
Reserved for capital projects	2,413,418	6,735,572	6,240	130,438
Unreserved	-	-	-	-
Total fund balances	<u>2,413,418</u>	<u>6,735,572</u>	<u>6,240</u>	<u>130,438</u>
Total liabilities and fund balances	<u>\$ 2,451,942</u>	<u>6,735,572</u>	<u>6,378</u>	<u>533,266</u>

Special Revenue Funds Totals	Debt Service Funds Totals	Capital Projects Funds Totals	Non-major Governmental Funds Totals
\$ 21,859,340	\$ 36,160,718	\$ 9,723,527	\$ 67,743,585
31,408	-	-	31,408
14,308,384	-	-	14,308,384
4,227,652	-	-	4,227,652
3,648,269	10,769	3,631	3,662,669
9,604,898	-	-	9,604,898
(241,307)	-	-	(241,307)
40,304	-	-	40,304
<u>\$ 53,478,948</u>	<u>\$ 36,171,487</u>	<u>\$ 9,727,158</u>	<u>\$ 99,377,593</u>

\$ 7,860,508	\$ 3,533	\$ -	\$ 7,864,041
18,059,070	3,482,885	-	21,541,955
499,110	-	-	499,110
302,465	-	-	302,465
404,469	13,334	441,490	859,293
2,897,680	-	-	2,897,680
30,023,302	3,499,752	441,490	33,964,544
40,304	-	-	40,304
-	32,671,735	-	32,671,735
-	-	9,285,668	9,285,668
23,415,342	-	-	23,415,342
<u>23,455,646</u>	<u>32,671,735</u>	<u>9,285,668</u>	<u>65,413,049</u>
<u>\$ 53,478,948</u>	<u>\$ 36,171,487</u>	<u>\$ 9,727,158</u>	<u>\$ 99,377,593</u>

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditure:
and Changes in Fund Balances
For the Year Ended September 30, 2005

	Special Revenue Funds			
	Revenue Sharing Reserve	Parks	Rouge Demonstration Project	Law Enforcement
Revenues:				
Taxes	\$ -	\$ 10,707,472	-	-
Licenses and permits	-	95,371	-	-
Federal grants	-	150,000	21,334,250	2,666,414
State grants and contracts	-	363,498	-	1,491,213
Local grants and contracts	-	-	18,384,919	-
Charges for services	-	3,585,967	2,574,565	3,262,875
Interest and rents	575	426,070	-	-
Other	-	287,928	-	-
Total revenues	575	15,616,306	42,293,734	7,420,502
Expenditures:				
Current operations:				
Personnel	-	4,086,874	1,042,980	4,072,404
Fringe benefits	-	1,475,571	461,502	1,409,113
Pension	-	429,308	114,957	453,838
Materials and supplies	-	545,022	38,199	239,973
Contractual services	-	13,288,289	39,917,220	1,049,658
Travel	-	23,787	50,738	697
Operating	-	374,607	67,384	166,226
Rentals	-	1,103,762	51,600	116,526
Other charges	-	54,785	34,512	309,237
Capital outlay	-	437,596	-	386,154
Debt service	-	318,230	-	-
Total expenditures	-	22,137,831	41,779,092	8,203,826
Excess (deficiency) of revenues over (under) expenditures	575	(6,521,525)	514,642	(783,324)
Other Financing Sources (Uses):				
Transfers in	81,163,407	2,932,000	-	727,683
Transfers out	(71,786,924)	-	-	-
Proceeds from sale of capital assets	-	7,118	-	-
Total other financing sources (uses)	9,376,483	2,939,118	-	727,683
Net change in fund balances	9,377,058	(3,582,407)	514,642	(55,641)
Fund balances at October 1, 2004	-	13,443,914	(1,828,018)	(420,510)
Fund balances at September 30, 2005	\$ 9,377,058	\$ 9,861,507	(1,313,376)	(476,151)

Special Revenue Funds

County Library	Community Development Block Grant	Drug Enforcement	Nutrition	Veteran's Trust
-	-	-	-	-
-	-	-	-	-
-	7,639,914	4,858	2,563,314	-
478,807	-	-	1,052,938	166,112
-	-	-	-	-
1,617,967	28,486	6,724,164	820,069	-
3,184,230	-	10,875	-	1,170
-	-	-	34,543	-
5,281,004	7,668,400	6,739,897	4,470,864	167,282
2,562,126	344,343	1,267,380	1,828,947	-
887,619	148,346	480,362	640,713	-
259,965	39,139	131,108	148,156	-
53,950	4,688	123,989	2,228,278	-
1,281,177	374,122	492,695	847,085	171,042
10,717	8,501	-	141,669	-
35,172	5,576	11,984	15,541	-
4,470	-	65,617	651,815	-
645,079	6,754,132	2,637,224	32,364	-
-	-	-	-	-
-	-	-	-	-
5,740,275	7,678,847	5,210,359	6,534,568	171,042
(459,271)	(10,447)	1,529,538	(2,063,704)	(3,760)
481,300	-	-	2,721,878	-
-	-	-	-	-
-	-	-	-	-
481,300	-	-	2,721,878	-
22,029	(10,447)	1,529,538	658,174	(3,760)
217,567	20,381	(1,162,093)	(658,174)	33,682
239,596	9,934	367,445	-	29,922

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditure:
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2005

	Special Revenue Funds			
	E & ND 21st Century	Community Corrections	Victim Witness	Soldiers' Relief
Revenues:				
Taxes	\$ -	-	-	1,609,116
Licenses and permits	-	-	-	-
Federal grants	1,770,273	1,423,363	-	-
State grants and contracts	51,468	5,379,334	744,707	-
Local grants and contracts	-	-	-	-
Charges for services	237,835	1,835,936	-	1,513
Interest and rents	182,034	393,750	-	10,906
Other	-	327	-	-
Total revenues	2,241,610	9,032,710	744,707	1,621,535
Expenditures:				
Current operations:				
Personnel	1,507,667	1,088,544	687,507	248,385
Fringe benefits	653,011	422,866	292,235	108,169
Pension	171,153	119,115	74,923	27,491
Materials and supplies	182,452	55,070	-	4,865
Contractual services	2,125,017	6,934,981	153,254	912,343
Travel	70,669	8,613	5,759	5,405
Operating	24,602	11,411	5,060	4,171
Rentals	-	796,698	-	22,711
Other charges	1,557,836	88,601	125	14,102
Capital outlay	-	265,040	-	-
Debt service	549,843	-	-	-
Total expenditures	6,842,250	9,790,939	1,218,863	1,347,642
Excess (deficiency) of revenues over (under) expenditures	(4,600,640)	(758,229)	(474,156)	273,893
Other Financing Sources (Uses):				
Transfers in	5,724,600	757,666	474,156	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	399,937	-	-	-
Total other financing sources (uses)	6,124,537	757,666	474,156	-
Net change in fund balances	1,523,897	(563)	-	273,893
Fund balances at October 1, 2004	(2,706,205)	63,644	-	841,795
Fund balances at September 30, 2005	<u>\$ (1,182,308)</u>	<u>63,081</u>	<u>-</u>	<u>1,115,688</u>

Special Revenue Funds

Youth Services	Building Authority	Stadium and Land Development	Budget Stabilization
4,135,450	-	6,953,309	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
30,853	-	-	-
33,598	-	12,685	-
-	-	-	-
4,199,901	-	6,965,994	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,201,610	-	250,722	-
-	-	-	-
-	-	-	-
-	-	6,516,060	-
-	973	3	-
-	-	-	-
-	-	-	-
1,201,610	973	6,766,785	-
2,998,291	(973)	199,209	-
1,000,000	-	-	3,000,000
(3,583,500)	-	-	-
-	-	-	-
(2,583,500)	-	-	3,000,000
414,791	(973)	199,209	3,000,000
988,499	1,018	348,296	-
1,403,290	45	547,505	3,000,000

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditure:
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2005

	Special Revenue Funds			
	Environmental Programs	Nuisance Abatement	Head Start	Pinnacle Aeropark
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	21,438,204	-
State grants and contracts	556,588	-	-	-
Local grants and contracts	403,972	-	-	-
Charges for services	3,328,720	1,324,241	452	1,515,081
Interest and rents	85,546	-	-	-
Other	-	9,433	-	-
Total revenues	4,374,826	1,333,674	21,438,656	1,515,081
Expenditures:				
Current operations:				
Personnel	893,971	1,095,023	474,598	-
Fringe benefits	380,864	465,003	207,358	-
Pension	96,710	124,304	56,176	-
Materials and supplies	26,465	11,744	23,554	-
Contractual services	1,564,723	317,576	20,658,425	451,164
Travel	55,579	21,839	13,530	-
Operating	28,394	8,124	21,556	-
Rentals	59,250	-	-	621,092
Other charges	9,947	57,331	10,265	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	3,115,903	2,100,944	21,465,462	1,072,256
Excess (deficiency) of revenues over (under) expenditures	1,258,923	(767,270)	(26,806)	442,825
Other Financing Sources (Uses):				
Transfers in	-	-	23,983	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	23,983	-
Net change in fund balances	1,258,923	(767,270)	(2,823)	442,825
Fund balances at October 1, 2004	943,267	(1,624,286)	2,823	158,951
Fund balances at September 30, 2005	\$ 2,202,190	(2,391,556)	-	601,776

Debt Service Funds		
General Debt Service	Roads	Wayne County Building Authority
15,998,563	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
312,072	297	14,884,359
-	-	-
16,310,635	297	14,884,359
-	-	-
-	-	-
-	-	-
-	-	-
-	-	300
-	-	-
-	-	-
-	-	-
-	-	-
16,993,497	5,939,109	14,734,429
16,993,497	5,939,109	14,734,729
(682,862)	(5,938,812)	149,630
981,486	5,939,109	-
-	-	-
-	-	-
981,486	5,939,109	-
298,624	297	149,630
26,716,816	11,542	5,494,826
27,015,440	11,839	5,644,456

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Governmental Funds
Combining Statement of Revenues, Expenditure:
and Changes in Fund Balances, Continued
For the Year Ended September 30, 2005

	Capital Projects Funds			
	Wayne County Construction	Wayne County Building Authority Construction	County Roads Projects	Other Capital Projects
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	343,557	164,859	133	12,847
Other	-	-	-	-
Total revenues	343,557	164,859	133	12,847
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	27,765	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	1,827,313	-	-	-
Debt service	-	-	-	-
Total expenditures	1,855,078	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(1,511,521)	164,859	133	12,847
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,511,521)	164,859	133	12,847
Fund balances at October 1, 2004	3,924,939	6,570,713	6,107	117,591
Fund balances at September 30, 2005	\$ 2,413,418	6,735,572	6,240	130,438

Special Revenue Funds Totals	Debt Service Funds Totals	Capital Projects Funds Totals	Non-major Governmental Funds Totals
\$ 23,405,347	\$ 15,998,563	\$ -	\$ 39,403,910
95,371	-	-	95,371
58,990,590	-	-	58,990,590
10,284,665	-	-	10,284,665
18,788,891	-	-	18,788,891
26,888,724	-	-	26,888,724
4,341,439	15,196,728	521,396	20,059,563
332,231	-	-	332,231
143,127,258	31,195,291	521,396	174,843,945
21,200,749	-	-	21,200,749
8,032,732	-	-	8,032,732
2,246,343	-	-	2,246,343
3,538,249	-	-	3,538,249
91,991,103	300	27,765	92,019,168
417,503	-	-	417,503
779,808	-	-	779,808
10,009,601	-	-	10,009,601
12,206,516	-	-	12,206,516
1,088,790	-	1,827,313	2,916,103
868,073	37,667,035	-	38,535,108
152,379,467	37,667,335	1,855,078	191,901,880
(9,252,209)	(6,472,044)	(1,333,682)	(17,057,935)
99,006,673	6,920,595	-	105,927,268
(75,370,424)	-	-	(75,370,424)
407,055	-	-	407,055
24,043,304	6,920,595	-	30,963,899
14,791,095	448,551	(1,333,682)	13,905,964
8,664,551	32,223,184	10,619,350	51,507,085
\$ 23,455,646	\$ 32,671,735	\$ 9,285,668	\$ 65,413,049

(Concluded)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Revenue Sharing Reserve Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	55,546,318	-	(55,546,318)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	575	575
Other	-	-	-	-
Total revenues	-	55,546,318	575	(55,545,743)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	55,546,318	-	(55,546,318)
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	55,546,318	-	(55,546,318)
Excess (deficiency) of revenues over (under) expenditures	-	-	575	575
Other Financing Sources (Uses):				
Transfers in	-	-	81,163,407	81,163,407
Transfers out	-	-	(71,786,924)	(71,786,924)
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	9,376,483	9,376,483
Net change in fund balances	-	-	9,377,058	9,377,058
Fund balances at October 1, 2004	-	-	-	-
Fund balances at September 30, 2005	\$ -	-	9,377,058	9,377,058

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Parks Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 10,821,100	10,821,100	10,707,472	(113,628)
Licenses and permits	88,000	88,000	95,371	7,371
Federal grants	-	-	150,000	150,000
State grants and contracts	-	1,521,750	363,498	(1,158,252)
Local grants and contracts	-	500,000	-	(500,000)
Charges for services	4,453,614	4,453,614	3,585,967	(867,647)
Interest and rents	15,200	15,200	426,070	410,870
Other	267,900	267,900	287,928	20,028
Total revenues	15,645,814	17,667,564	15,616,306	(2,051,258)
Expenditures:				
Current operations:				
Personnel	4,270,500	4,270,500	4,086,874	(183,626)
Fringe benefits	1,480,900	1,480,900	1,475,571	(5,329)
Pension	369,600	369,600	429,308	59,708
Materials and supplies	608,300	608,300	545,022	(63,278)
Contractual services	10,449,914	11,781,304	13,288,289	1,506,985
Travel	18,700	18,700	23,787	5,087
Operating	660,400	660,400	374,607	(285,793)
Rentals	585,200	613,560	1,103,762	490,202
Other charges	59,000	64,000	54,785	(9,215)
Capital outlay	10,000	521,000	437,596	(83,404)
Debt service	727,500	727,500	318,230	(409,270)
Total expenditures	19,240,014	21,115,764	22,137,831	1,022,067
Excess (deficiency) of revenues over (under) expenditures	(3,594,200)	(3,448,200)	(6,521,525)	(3,073,325)
Other Financing Sources (Uses):				
Transfers in	2,200,688	2,350,688	2,932,000	581,312
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	581,312	581,312	7,118	(574,194)
Total other financing sources (uses)	2,782,000	2,932,000	2,939,118	7,118
Net change in fund balances	(812,200)	(516,200)	(3,582,407)	(3,066,207)
Fund balances at October 1, 2004	13,443,914	13,443,914	13,443,914	-
Fund balances at September 30, 2005	\$ 12,631,714	12,927,714	9,861,507	(3,066,207)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Rouge Demonstration Project Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over Under
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	29,697,074	29,717,074	21,334,250	(8,382,824)
State grants and contracts	-	-	-	-
Local grants and contracts	23,785,867	23,785,867	18,384,919	(5,400,948)
Charges for services	3,092,099	3,092,099	2,574,565	(517,534)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	56,575,040	56,595,040	42,293,734	(14,301,306)
Expenditures:				
Current operations:				
Personnel	1,164,783	1,164,783	1,042,980	(121,803)
Fringe benefits	452,484	452,484	461,502	9,018
Pension	116,478	116,478	114,957	(1,521)
Materials and supplies	138,614	150,614	38,199	(112,415)
Contractual services	54,440,006	54,448,006	39,917,220	(14,530,786)
Travel	61,350	61,350	50,738	(10,612)
Operating	102,167	102,167	67,384	(34,783)
Rentals	84,763	84,763	51,600	(33,163)
Other charges	13,000	13,000	34,512	21,512
Capital outlay	1,395	1,395	-	(1,395)
Debt service	-	-	-	-
Total expenditures	56,575,040	56,595,040	41,779,092	(14,815,948)
Excess (deficiency) of revenues over (under) expenditures	-	-	514,642	514,642
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	514,642	514,642
Fund balances at October 1, 2004	(1,828,018)	(1,828,018)	(1,828,018)	-
Fund balances at September 30, 2005	<u>\$ (1,828,018)</u>	<u>(1,828,018)</u>	<u>(1,313,376)</u>	<u>514,642</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Law Enforcement Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	491,329	2,666,414	2,175,085
State grants and contracts	1,368,850	3,561,118	1,491,213	(2,069,905)
Local grants and contracts	-	-	-	-
Charges for services	2,871,000	2,871,000	3,262,875	391,875
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	4,239,850	6,923,447	7,420,502	497,055
Expenditures:				
Current operations:				
Personnel	2,705,100	3,584,254	4,072,404	488,150
Fringe benefits	965,000	1,286,882	1,409,113	122,231
Pension	267,000	353,364	453,838	100,474
Materials and supplies	124,500	287,363	239,973	(47,390)
Contractual services	198,200	1,185,239	1,049,658	(135,581)
Travel	-	-	697	697
Operating	83,900	596,747	166,226	(430,521)
Rentals	53,200	53,200	116,526	63,326
Other charges	121,000	152,500	309,237	156,737
Capital outlay	-	-	386,154	386,154
Debt service	-	-	-	-
Total expenditures	4,517,900	7,499,549	8,203,826	704,277
Excess (deficiency) of revenues over (under) expenditures	(278,050)	(576,102)	(783,324)	(207,222)
Other Financing Sources (Uses):				
Transfers in	278,050	576,102	727,683	151,581
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	278,050	576,102	727,683	151,581
Net change in fund balances	-	-	(55,641)	(55,641)
Fund balance at October 1, 2004	(420,510)	(420,510)	(420,510)	-
Fund balance at September 30, 2005	<u>\$ (420,510)</u>	<u>(420,510)</u>	<u>(476,151)</u>	<u>(55,641)</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 County Library Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	525,400	525,400	478,807	(46,593)
Local grants and contracts	-	-	-	-
Charges for services	996,000	996,000	1,617,967	621,967
Interest and rents	3,620,700	3,720,779	3,184,230	(536,549)
Other	-	-	-	-
Total revenues	5,142,100	5,242,179	5,281,004	38,825
Expenditures:				
Current operations:				
Personnel	2,610,300	2,610,300	2,562,126	(48,174)
Fringe benefits	822,800	822,800	887,619	64,819
Pension	213,300	213,300	259,965	46,665
Materials and supplies	102,900	107,400	53,950	(53,450)
Contractual services	1,335,800	1,335,288	1,281,177	(54,111)
Travel	12,200	12,200	10,717	(1,483)
Operating	34,900	34,900	35,172	272
Rentals	35,400	30,900	4,470	(26,430)
Other charges	455,800	556,391	645,079	88,688
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	5,623,400	5,723,479	5,740,275	16,796
Excess (deficiency) of revenues over (under) expenditures	(481,300)	(481,300)	(459,271)	22,029
Other Financing Sources (Uses):				
Transfers in	481,300	481,300	481,300	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	481,300	481,300	481,300	-
Net change in fund balances	-	-	22,029	22,029
Fund balance at October 1, 2004	217,567	217,567	217,567	-
Fund balance at September 30, 2005	<u>\$ 217,567</u>	<u>217,567</u>	<u>239,596</u>	<u>22,029</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Community Development Block Grant Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	16,248,000	16,143,900	7,639,914	(8,503,986)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	215,900	394,900	28,486	(366,414)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	16,463,900	16,538,800	7,668,400	(8,870,400)
Expenditures:				
Current operations:				
Personnel	403,500	354,500	344,343	(10,157)
Fringe benefits	154,200	135,187	148,346	13,159
Pension	40,300	35,400	39,139	3,739
Materials and supplies	8,900	8,900	4,688	(4,212)
Contractual services	426,500	399,153	374,122	(25,031)
Travel	10,000	10,000	8,501	(1,499)
Operating	9,700	8,960	5,576	(3,384)
Rentals	-	-	-	-
Other charges	15,299,600	15,196,500	6,754,132	(8,442,368)
Capital outlay	-	-	-	-
Debt service	211,200	390,200	-	(390,200)
Total expenditures	16,563,900	16,538,800	7,678,847	(8,859,953)
Excess (deficiency) of revenues over (under) expenditures	(100,000)	-	(10,447)	(10,447)
Other Financing Sources (Uses):				
Transfers in	100,000	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	100,000	-	-	-
Net change in fund balances	-	-	(10,447)	(10,447)
Fund balance at October 1, 2004	20,381	20,381	20,381	-
Fund balance at September 30, 2005	\$ 20,381	20,381	9,934	(10,447)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Drug Enforcement Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	4,858	4,858
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	971,400	1,796,400	6,724,164	4,927,764
Interest and rents	-	-	10,875	10,875
Other	-	-	-	-
Total revenues	971,400	1,796,400	6,739,897	4,943,497
Expenditures:				
Current operations:				
Personnel	512,900	1,001,897	1,267,380	265,483
Fringe benefits	198,900	381,913	480,362	98,449
Pension	51,300	100,190	131,108	30,918
Materials and supplies	18,800	80,180	123,989	43,809
Contractual services	67,100	106,420	492,695	386,275
Travel	-	-	-	-
Operating	2,400	5,800	11,984	6,184
Rentals	-	-	65,617	65,617
Other charges	120,000	120,000	2,637,224	2,517,224
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	971,400	1,796,400	5,210,359	3,413,959
Excess (deficiency) of revenues over (under) expenditures	-	-	1,529,538	1,529,538
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	1,529,538	1,529,538
Fund balance at October 1, 2004	(1,162,093)	(1,162,093)	(1,162,093)	-
Fund balance at September 30, 2005	<u>\$ (1,162,093)</u>	<u>(1,162,093)</u>	<u>367,445</u>	<u>1,529,538</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Nutrition Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	2,221,600	1,642,715	2,563,314	920,599
State grants and contracts	1,133,800	1,133,800	1,052,938	(80,862)
Local grants and contracts	-	5,000	-	(5,000)
Charges for services	1,188,200	1,348,200	820,069	(528,131)
Interest and rents	-	-	-	-
Other	32,100	32,100	34,543	2,443
Total revenues	4,575,700	4,161,815	4,470,864	309,049
Expenditures:				
Current operations:				
Personnel	1,913,100	1,913,100	1,828,947	(84,153)
Fringe benefits	592,600	592,600	640,713	48,113
Pension	144,400	144,400	148,156	3,756
Materials and supplies	1,902,200	2,238,315	2,228,278	(10,037)
Contractual services	775,600	808,200	847,085	38,885
Travel	151,900	151,900	141,669	(10,231)
Operating	43,500	43,500	15,541	(27,959)
Rentals	651,800	651,800	651,815	15
Other charges	748,500	1,000	32,364	31,364
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	6,923,600	6,544,815	6,534,568	(10,247)
Excess (deficiency) of revenues over (under) expenditures	(2,347,900)	(2,383,000)	(2,063,704)	319,296
Other Financing Sources (Uses):				
Transfers in	2,347,900	2,383,000	2,721,878	338,878
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	2,347,900	2,383,000	2,721,878	338,878
Net change in fund balances	-	-	658,174	658,174
Fund balance at October 1, 2004	(658,174)	(658,174)	(658,174)	-
Fund balance at September 30, 2005	<u>\$ (658,174)</u>	<u>(658,174)</u>	<u>-</u>	<u>658,174</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Veteran's Trust Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	450,000	450,000	166,112	(283,888)
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	1,170	1,170
Other	-	-	-	-
Total revenues	450,000	450,000	167,282	(282,718)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	450,000	450,000	171,042	(278,958)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	450,000	450,000	171,042	(278,958)
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,760)	(3,760)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(3,760)	(3,760)
Fund balance at October 1, 2004	33,682	33,682	33,682	-
Fund balance at September 30, 2005	\$ 33,682	33,682	29,922	(3,760)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 E & ND 21st Century Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	12,257,000	12,257,000	1,770,273	(10,486,727)
State grants and contracts	1,508,800	1,352,100	51,468	(1,300,632)
Local grants and contracts	-	-	-	-
Charges for services	275,000	275,000	237,835	(37,165)
Interest and rents	-	-	182,034	182,034
Other	-	-	-	-
Total revenues	14,040,800	13,884,100	2,241,610	(11,642,490)
Expenditures:				
Current operations:				
Personnel	1,518,500	1,583,500	1,507,667	(75,833)
Fringe benefits	578,100	603,321	653,011	49,690
Pension	151,800	158,300	171,153	12,853
Materials and supplies	200,300	210,300	182,452	(27,848)
Contractual services	5,518,300	5,236,550	2,125,017	(3,111,533)
Travel	65,900	73,860	70,669	(3,191)
Operating	69,000	65,749	24,602	(41,147)
Rentals	-	-	-	-
Other charges	12,358,500	12,172,120	1,557,836	(10,614,284)
Capital outlay	27,000	27,000	-	(27,000)
Debt service	575,000	575,000	549,843	(25,157)
Total expenditures	21,062,400	20,705,700	6,842,250	(13,863,450)
Excess (deficiency) of revenues over (under) expenditures	(7,021,600)	(6,821,600)	(4,600,640)	2,220,960
Other Financing Sources (Uses):				
Transfers in	5,924,600	5,724,600	5,724,600	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	1,097,000	1,097,000	399,937	(697,063)
Total other financing sources (uses)	7,021,600	6,821,600	6,124,537	(697,063)
Net change in fund balances	-	-	1,523,897	1,523,897
Fund balance at October 1, 2004	(2,706,205)	(2,706,205)	(2,706,205)	-
Fund balance at September 30, 2005	<u>\$ (2,706,205)</u>	<u>(2,706,205)</u>	<u>(1,182,308)</u>	<u>1,523,897</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Community Corrections Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	1,871,400	1,395,736	1,423,363	27,627
State grants and contracts	7,185,200	7,004,668	5,379,334	(1,625,334)
Local grants and contracts	-	-	-	-
Charges for services	1,912,300	1,548,263	1,835,936	287,673
Interest and rents	419,100	393,750	393,750	-
Other	-	-	327	327
Total revenues	11,388,000	10,342,417	9,032,710	(1,309,707)
Expenditures:				
Current operations:				
Personnel	1,218,500	948,900	1,088,544	139,644
Fringe benefits	453,000	349,433	422,866	73,433
Pension	121,800	94,020	119,115	25,095
Materials and supplies	101,700	72,684	55,070	(17,614)
Contractual services	9,287,000	8,611,253	6,934,981	(1,676,272)
Travel	41,300	22,400	8,613	(13,787)
Operating	30,700	24,487	11,411	(13,076)
Rentals	614,200	606,250	796,698	190,448
Other charges	113,700	113,700	88,601	(25,099)
Capital outlay	128,800	282,920	265,040	(17,880)
Debt service	-	-	-	-
Total expenditures	12,110,700	11,126,047	9,790,939	(1,335,108)
Excess (deficiency) of revenues over (under) expenditures	(722,700)	(783,630)	(758,229)	25,401
Other Financing Sources (Uses):				
Transfers in	641,700	641,700	757,666	115,966
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	641,700	641,700	757,666	115,966
Net change in fund balances	(81,000)	(141,930)	(563)	141,367
Fund balance at October 1, 2004	63,644	63,644	63,644	-
Fund balance at September 30, 2005	<u>\$ (17,356)</u>	<u>(78,286)</u>	<u>63,081</u>	<u>141,367</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Victim Witness Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	750,000	750,000	744,707	(5,293)
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	750,000	750,000	744,707	(5,293)
Expenditures:				
Current operations:				
Personnel	636,000	650,603	687,507	36,904
Fringe benefits	242,100	242,100	292,235	50,135
Pension	63,600	63,600	74,923	11,323
Materials and supplies	-	-	-	-
Contractual services	66,100	66,100	153,254	87,154
Travel	11,800	11,800	5,759	(6,041)
Operating	4,800	4,800	5,060	260
Rentals	-	-	-	-
Other charges	-	-	125	125
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,024,400	1,039,003	1,218,863	179,860
Excess (deficiency) of revenues over (under) expenditures	(274,400)	(289,003)	(474,156)	(185,153)
Other Financing Sources (Uses):				
Transfers in	-	289,003	474,156	185,153
Transfers out	274,400	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	274,400	289,003	474,156	185,153
Net change in fund balances	-	-	-	-
Fund balance at October 1, 2004	-	-	-	-
Fund balance at September 30, 2005	\$ -	-	-	-

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Soldiers' Relief Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 1,619,400	1,619,400	1,609,116	(10,284)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,666	2,666	1,513	(1,153)
Interest and rents	-	-	10,906	10,906
Other	-	-	-	-
Total revenues	1,622,066	1,622,066	1,621,535	(531)
Expenditures:				
Current operations:				
Personnel	172,800	172,800	248,385	75,585
Fringe benefits	65,700	65,700	108,169	42,469
Pension	17,300	17,300	27,491	10,191
Materials and supplies	14,500	13,500	4,865	(8,635)
Contractual services	1,266,466	1,266,466	912,343	(354,123)
Travel	15,000	15,000	5,405	(9,595)
Operating	6,800	7,800	4,171	(3,629)
Rentals	28,500	28,500	22,711	(5,789)
Other charges	35,000	35,000	14,102	(20,898)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,622,066	1,622,066	1,347,642	(274,424)
Excess (deficiency) of revenues over (under) expenditures	-	-	273,893	273,893
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	273,893	273,893
Fund balance at October 1, 2004	841,795	841,795	841,795	-
Fund balance at September 30, 2005	\$ 841,795	841,795	1,115,688	273,893

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Youth Services Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 4,127,300	4,127,300	4,135,450	8,150
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	30,853	30,853
Interest and rents	59,000	59,000	33,598	(25,402)
Other	-	-	-	-
Total revenues	4,186,300	4,186,300	4,199,901	13,601
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	1,602,800	1,602,800	1,201,610	(401,190)
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	1,602,800	1,602,800	1,201,610	(401,190)
Excess (deficiency) of revenues over (under) expenditures	2,583,500	2,583,500	2,998,291	414,791
Other Financing Sources (Uses):				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(3,583,500)	(3,583,500)	(3,583,500)	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	(2,583,500)	(2,583,500)	(2,583,500)	-
Net change in fund balances	-	-	414,791	414,791
Fund balance at October 1, 2004	988,499	988,499	988,499	-
Fund balance at September 30, 2005	\$ 988,499	988,499	1,403,290	414,791

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Building Authority Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	973	973
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	973	973
Excess (deficiency) of revenues over (under) expenditures	-	-	(973)	(973)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(973)	(973)
Fund balance at October 1, 2004	1,018	1,018	1,018	-
Fund balance at September 30, 2005	\$ 1,018	1,018	45	(973)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Stadium and Land Development Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 7,914,000	7,914,000	6,953,309	(960,691)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	12,685	12,685
Other	-	-	-	-
Total revenues	7,914,000	7,914,000	6,965,994	(948,006)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	122,500	122,500	250,722	128,222
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	7,791,500	7,791,500	6,516,060	(1,275,440)
Other charges	-	-	3	3
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	7,914,000	7,914,000	6,766,785	(1,147,215)
Excess (deficiency) of revenues over (under) expenditures	-	-	199,209	199,209
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	199,209	199,209
Fund balance at October 1, 2004	348,296	348,296	348,296	-
Fund balance at September 30, 2005	\$ 348,296	348,296	547,505	199,209

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Budget Stabilization Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in	3,000,000	3,000,000	3,000,000	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	3,000,000	3,000,000	3,000,000	-
Net change in fund balances	3,000,000	3,000,000	3,000,000	-
Fund balance at October 1, 2004	-	-	-	-
Fund balance at September 30, 2005	<u>\$ 3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Environmental Programs Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	613,270	634,270	556,588	(77,682)
Local grants and contracts	865,540	879,540	403,972	(475,568)
Charges for services	2,806,961	2,806,961	3,328,720	521,759
Interest and rents	30,000	30,000	85,546	55,546
Other	-	-	-	-
Total revenues	4,315,771	4,350,771	4,374,826	24,055
Expenditures:				
Current operations:				
Personnel	951,077	951,077	893,971	(57,106)
Fringe benefits	369,714	369,714	380,864	11,150
Pension	95,107	95,107	96,710	1,603
Materials and supplies	43,300	43,300	26,465	(16,835)
Contractual services	2,738,379	2,773,379	1,564,723	(1,208,656)
Travel	85,000	85,000	55,579	(29,421)
Operating	28,970	28,970	28,394	(576)
Rentals	65,500	65,500	59,250	(6,250)
Other charges	7,000	7,000	9,947	2,947
Capital outlay	2,000	2,000	-	(2,000)
Debt service	-	-	-	-
Total expenditures	4,386,047	4,421,047	3,115,903	(1,305,144)
Excess (deficiency) of revenues over (under) expenditures	(70,276)	(70,276)	1,258,923	1,329,199
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(70,276)	(70,276)	1,258,923	1,329,199
Fund balance at October 1, 2004	943,267	943,267	943,267	-
Fund balance at September 30, 2005	\$ 872,991	872,991	2,202,190	1,329,199

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Nuisance Abatement Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,513,400	1,593,300	1,324,241	(269,059)
Interest and rents	-	-	-	-
Other	-	-	9,433	9,433
Total revenues	2,513,400	1,593,300	1,333,674	(259,626)
Expenditures:				
Current operations:				
Personnel	1,190,200	969,900	1,095,023	125,123
Fringe benefits	449,900	376,100	465,003	88,903
Pension	119,000	96,900	124,304	27,404
Materials and supplies	56,500	12,300	11,744	(556)
Contractual services	604,800	124,700	317,576	192,876
Travel	17,000	6,000	21,839	15,839
Operating	76,000	7,400	8,124	724
Rentals	-	-	-	-
Other charges	-	-	57,331	57,331
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,513,400	1,593,300	2,100,944	507,644
Excess (deficiency) of revenues over (under) expenditures	-	-	(767,270)	(767,270)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(767,270)	(767,270)
Fund balance at October 1, 2004	(1,624,286)	(1,624,286)	(1,624,286)	-
Fund balance at September 30, 2005	<u>\$ (1,624,286)</u>	<u>(1,624,286)</u>	<u>(2,391,556)</u>	<u>(767,270)</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Head Start Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	22,108,946	22,712,956	21,438,204	(1,274,752)
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	1,100	1,100	452	(648)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	22,110,046	22,714,056	21,438,656	(1,275,400)
Expenditures:				
Current operations:				
Personnel	541,200	518,610	474,598	(44,012)
Fringe benefits	206,100	196,694	207,358	10,664
Pension	54,200	51,720	56,176	4,456
Materials and supplies	24,000	31,800	23,554	(8,246)
Contractual services	21,235,600	21,872,258	20,658,425	(1,213,833)
Travel	19,700	14,700	13,530	(1,170)
Operating	11,700	11,555	21,556	10,001
Rentals	2,300	2,300	-	(2,300)
Other charges	15,246	19,246	10,265	(8,981)
Capital outlay	-	13,000	-	(13,000)
Debt service	-	-	-	-
Total expenditures	22,110,046	22,731,883	21,465,462	(1,266,421)
Excess (deficiency) of revenues over (under) expenditures	-	(17,827)	(26,806)	(8,979)
Other Financing Sources (Uses):				
Transfers in	-	17,827	23,983	6,156
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	17,827	23,983	6,156
Net change in fund balances	-	-	(2,823)	(2,823)
Fund balance at October 1, 2004	2,823	2,823	2,823	-
Fund balance at September 30, 2005	\$ 2,823	2,823	-	(2,823)

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Pinnacle Aeropark Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	2,912,800	2,912,800	1,515,081	(1,397,719)
Interest and rents	-	-	-	-
Other	-	-	-	-
Total revenues	2,912,800	2,912,800	1,515,081	(1,397,719)
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	341,300	341,300	451,164	109,864
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	2,571,500	2,571,500	621,092	(1,950,408)
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	2,912,800	2,912,800	1,072,256	(1,840,544)
Excess (deficiency) of revenues over (under) expenditures	-	-	442,825	442,825
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	442,825	442,825
Fund balances at October 1, 2004	158,951	158,951	158,951	-
Fund balances at September 30, 2005	\$ 158,951	158,951	601,776	442,825

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 General Debt Service Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 15,998,600	15,998,600	15,998,563	(37)
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	5,000	5,000	312,072	307,072
Other	-	-	-	-
Total revenues	16,003,600	16,003,600	16,310,635	307,035
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	16,985,100	16,985,100	16,993,497	8,397
Total expenditures	16,985,100	16,985,100	16,993,497	8,397
Excess (deficiency) of revenues over (under) expenditures	(981,500)	(981,500)	(682,862)	298,638
Other Financing Sources (Uses):				
Transfers in	-	-	981,486	981,486
Transfers out	-	-	-	-
Proceeds from bond issuance	981,500	981,500	-	(981,500)
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	981,500	981,500	981,486	(14)
Net change in fund balances	-	-	298,624	298,624
Fund balances at October 1, 2004	26,716,816	26,716,816	26,716,816	-
Fund balances at September 30, 2005	\$ 26,716,816	26,716,816	27,015,440	298,624

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Roads Debt Service Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	-	-	297	297
Other	-	-	-	-
Total revenues	-	-	297	297
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	-	-	-	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	5,979,490	5,979,490	5,939,109	(40,381)
Total expenditures	5,979,490	5,979,490	5,939,109	(40,381)
Excess (deficiency) of revenues over (under) expenditures	(5,979,490)	(5,979,490)	(5,938,812)	40,678
Other Financing Sources (Uses):				
Transfers in	5,979,490	5,979,490	5,939,109	(40,381)
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	5,979,490	5,979,490	5,939,109	(40,381)
Net change in fund balances	-	-	297	297
Fund balances at October 1, 2004	11,542	11,542	11,542	-
Fund balances at September 30, 2005	<u>\$ 11,542</u>	<u>11,542</u>	<u>11,839</u>	<u>297</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Budgetary Comparison Schedule
 Non-major Governmental Funds
 Wayne County Building Authority Debt Service Fund
 For the Year Ended September 30, 2005

	Original Budget	Final Amended Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ -	-	-	-
Licenses and permits	-	-	-	-
Federal grants	-	-	-	-
State grants and contracts	-	-	-	-
Local grants and contracts	-	-	-	-
Charges for services	-	-	-	-
Interest and rents	14,730,400	14,730,400	14,884,359	153,959
Other	-	-	-	-
Total revenues	14,730,400	14,730,400	14,884,359	153,959
Expenditures:				
Current operations:				
Personnel	-	-	-	-
Fringe benefits	-	-	-	-
Pension	-	-	-	-
Materials and supplies	-	-	-	-
Contractual services	300	300	300	-
Travel	-	-	-	-
Operating	-	-	-	-
Rentals	-	-	-	-
Other charges	-	-	-	-
Capital outlay	-	-	-	-
Debt service	14,730,100	14,730,100	14,734,429	4,329
Total expenditures	14,730,400	14,730,400	14,734,729	4,329
Excess (deficiency) of revenues over (under) expenditures	-	-	149,630	149,630
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	149,630	149,630
Fund balances at October 1, 2004	5,494,826	5,494,826	5,494,826	-
Fund balances at September 30, 2005	\$ 5,494,826	5,494,826	5,644,456	149,630

NON-MAJOR ENTERPRISE FUNDS

***Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the costs of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or where periodic determination of net income is appropriate for accountability purposes.*

Northeast Sewage Disposal Systems – This fund records the fiscal activities associated with operation and maintenance of the sewage treatment facilities. Costs are recovered through development of usage rates which are billed to the local communities served.

Jail Commissary – This fund is used to account for the revenues and expenditures associated with the operation of the commissary at the County's jails.

Parking Lots – This fund is used to account for activities related to County employee subsidized parking.

Wetlands Mitigation – This fund is used to account for the marketing of environmental credits earned by the conversion of County owned land.

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Enterprise Funds
Combining Statement of Net Assets
As of September 30, 2005

<u>Assets</u>	<u>Northeast Sewage Disposal System</u>	<u>Jail Commissary</u>	<u>Parking Lots</u>	<u>Wetlands Mitigation</u>	<u>Total Non-major Enterprise Funds</u>
Current assets:					
Unrestricted current assets:					
Equity in pooled cash and investments	\$ 1,771,039	367,192	-	-	\$ 2,138,231
Other cash and investments	-	40,000	-	-	40,000
Receivables:					
Accounts	1,622,336	-	-	-	1,622,336
Due from other governmental units	2,908,738	-	-	-	2,908,738
Supplies inventory, at cost	-	50,561	-	-	50,561
Restricted current assets:					
Equity in pooled cash and investments	1,625,504	-	-	-	1,625,504
Total current assets	7,927,617	457,753	-	-	8,385,370
Non-current assets:					
Restricted assets - bond principal due from municipalities	4,511,399	-	-	-	4,511,399
Capital assets:					
Non-depreciable	11,040	-	1,422,679	155,467	1,589,186
Depreciable, net	5,432,090	79,948	-	-	5,512,038
Total non-current assets	9,954,529	79,948	1,422,679	155,467	11,612,623
Total assets	\$ 17,882,146	537,701	1,422,679	155,467	\$ 19,997,993
 <u>Liabilities and Net Assets</u>					
Current liabilities:					
Payable from unrestricted current assets:					
Accounts and contracts payable	\$ 3,217,320	57,521	14,900	-	\$ 3,289,741
Due to other funds	-	-	1,029,269	154,558	1,183,827
Payable from restricted current assets:					
Accounts payable	164,153	-	-	-	164,153
Current portion of long-term obligations	445,711	-	-	-	445,711
Total current liabilities	3,827,184	57,521	1,044,169	154,558	5,083,432
Long-term obligations - bonds payable from restricted assets	4,065,688	-	-	-	4,065,688
Total liabilities	7,892,872	57,521	1,044,169	154,558	9,149,120
Net Assets:					
Invested in capital assets, net of related debt	5,443,130	79,948	1,422,679	155,467	7,101,224
Restricted for bond programs	1,461,351	-	-	-	1,461,351
Unrestricted	3,084,793	400,232	(1,044,169)	(154,558)	2,286,298
Total net assets	9,989,274	480,180	378,510	909	10,848,873
Total liabilities and net assets	\$ 17,882,146	537,701	1,422,679	155,467	\$ 19,997,993

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended September 30, 2005

	Northeast Sewage Disposal System	Jail Commissary	Parking Lots	Wetlands Mitigation	Total Non-major Enterprise Funds
Operating revenues:					
Sewage disposal charges	\$ 14,351,814	-	-	-	\$ 14,351,814
Other charges for services	-	1,313,955	174,439	-	1,488,394
Total operating revenues	14,351,814	1,313,955	174,439	-	15,840,208
Operating expenses:					
Materials and supplies	2,210	559,749	-	-	561,959
Contractual services	14,705,219	499,661	174,230	863	15,379,973
Miscellaneous operating	283,462	6,546	-	-	290,008
Rentals	382,938	-	-	-	382,938
Other charges	-	68,422	3,319	-	71,741
Depreciation and amortization	332,701	52,777	-	-	385,478
Total operating expenses	15,706,530	1,187,155	177,549	863	17,072,097
Operating income (loss)	(1,354,716)	126,800	(3,110)	(863)	(1,231,889)
Non-operating revenues (expenses)					
Interest income	60,725	7,108	-	-	67,833
Collections from participating local units	139,205	-	-	-	139,205
Interest expense	(153,494)	-	(26,218)	(3,851)	(183,563)
Total non-operating revenues (expenses)	46,436	7,108	(26,218)	(3,851)	23,475
Change in net assets	(1,308,280)	133,908	(29,328)	(4,714)	(1,208,414)
Net assets at October 1, 2004	11,297,554	346,272	407,838	5,623	12,057,287
Net assets at September 30, 2005	\$ 9,989,274	480,180	378,510	909	\$ 10,848,873

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2005

	Northeast Sewage Disposal System	Jail Commissary	Parking Lots	Wetlands Mitigation	Total Non-major Enterprise Funds
Cash flows from operating activities:					
Receipts from customers	\$ 16,683,662	1,416,960	174,439	-	\$ 18,275,061
Payments to suppliers	(15,098,039)	(1,356,863)	(169,059)	-	(16,623,961)
Internal activity - payments from other funds	-	270	8,127	3,080	11,477
Internal activity - payments to other funds	-	-	-	(863)	(863)
Net cash provided by (used in) operating activities	1,585,623	60,367	13,507	2,217	1,661,714
Cash flows from non-capital financing activities:					
Collections from participating local units	139,205	-	-	-	139,205
Net cash provided by non-capital and related financing activities	139,205	-	-	-	139,205
Cash flows from capital and related financing activities:					
Repayment of long-term debt	(440,711)	-	-	-	(440,711)
Bond principal received from municipalities	440,711	-	-	-	440,711
Interest paid	(153,494)	-	(26,218)	(3,851)	(183,563)
Net cash provided used in capital and related financing activities	(153,494)	-	(26,218)	(3,851)	(183,563)
Cash flows from investing activities:					
Investment earnings	60,725	7,108	-	-	67,833
Net cash provided by investing activities	60,725	7,108	-	-	67,833
Net decrease in cash and cash equivalents	1,632,059	67,475	(12,711)	(1,634)	1,685,189
Cash and cash equivalents at October 1, 2004	1,764,484	339,717	12,711	1,634	2,118,546
Cash and cash equivalents at September 30, 2005	\$ 3,396,543	407,192	-	-	\$ 3,803,735
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (1,354,716)	126,800	(3,110)	(863)	\$ (1,231,889)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Depreciation and amortization	332,701	52,777	-	-	385,478
Decreases (increases) in current assets:					
Accounts receivable	(107,997)	103,005	-	-	(4,992)
Due from other funds	-	270	-	-	270
Due from other governmental units	2,439,845	-	-	-	2,439,845
Prepayments and deposits	-	10,380	-	-	10,380
Increases (decreases) in current liabilities:					
Accounts and contracts payable	275,790	(51,730)	8,490	-	232,550
Due to other funds	-	-	8,127	3,080	11,207
Other liabilities	-	(181,135)	-	-	(181,135)
Net cash provided by (used in) operating activities	\$ 1,585,623	60,367	13,507	2,217	\$ 1,661,714
Cash and cash equivalents at September 30, 2005 consists of the following:					
Equity in pooled cash and cash equivalents	\$ 1,771,039	367,192	-	-	2,138,231
Other cash and investments	-	40,000	-	-	40,000
Restricted assets:					
Equity in pooled cash and cash equivalents	1,625,504	-	-	-	1,625,504
Total cash and investments	\$ 3,396,543	407,192	-	-	\$ 3,803,735

See accompanying notes to the basic financial statements.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, and to other governmental units, on a cost-reimbursement basis.

Central Services – This fund is used to distribute the operating costs of the departments of Management and Budget, Technology and Personnel/Human Resources, and the Building and Grounds Maintenance Division of the Department of Public Services.

Department of Environment – This fund is used to distribute costs to the various sewage districts, drains, and other Department of Environment activities.

Long-Term Disability – This fund is used to accumulate and disburse monies related to long-term disability claims.

General Health – This fund is used to accumulate and disburse monies related to employee health benefits.

Workers' Compensation Self Insurance – This fund is used to accumulate and disburse monies related to worker's compensation claims.

General Liability – This fund is used to accumulate and disburse monies related to property insurance costs.

Equipment Lease Financing – This fund is used to account for the costs of financing acquisitions of real property, machinery and equipment. The fund recovers costs by billing user departments.

Building and Grounds Maintenance – This fund is used to account for the maintenance of all County General Fund buildings.

CHARTER COUNTY OF WAYNE, MICHIGAN
Internal Service Funds
Combining Statement of Net Assets
As of September 30, 2005

<u>Assets</u>	Central Services	Department of Environment	Long-Term Disability	General Health
Current assets:				
Equity in pooled cash and investments	\$ 5,220,861	188,197	2,160,067	4,193,812
Other cash and investments	3,450	1,375	-	100
Due from other funds	48,669	196,828	19,666	1,782,248
Due from component units	-	-	2,941	311,096
Receivables:				
Accounts	1,089,049	-	2,930	955,660
Due from other governmental units	-	2,563	-	-
Supplies inventory, at cost	215,480	-	-	-
Prepayments and deposits	187,425	-	-	-
Total current assets	6,764,934	388,963	2,185,604	7,242,916
Non-current assets:				
Capital assets:				
Non-depreciable	196,182	23,678	-	-
Depreciable, net	6,533,495	662,593	-	-
Other Assets:				
Long-term receivables	-	-	-	-
Total non-current assets	6,729,677	686,271	-	-
Total assets	\$ 13,494,611	1,075,234	2,185,604	7,242,916
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts and contracts payable	\$ 1,759,181	91,932	1,528	2,991,125
Accrued wages and benefits	243,532	42,929	18,221	3,555
Due to other funds	141,072	34,392	28	-
Current portion of long-term obligations	-	-	-	-
Other liabilities	1,613,774	-	331,086	4,436,799
Total current liabilities	3,757,559	169,253	350,863	7,431,479
Non-current liabilities:				
Other liabilities	-	488,355	-	-
Advances from other funds	-	-	-	-
Notes payable	-	-	-	-
Total non-current liabilities	-	488,355	-	-
Total liabilities	3,757,559	657,608	350,863	7,431,479
Net assets:				
Invested in capital assets, net of related debt	6,729,677	686,271	-	-
Restricted for bond programs, debt service and				
Unrestricted	3,007,375	(268,645)	1,834,741	(188,563)
Total net assets	9,737,052	417,626	1,834,741	(188,563)
Total liabilities and net assets	\$ 13,494,611	1,075,234	2,185,604	7,242,916

Worker's Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
5,937,562	1,093,156	-	1,280,895	\$ 20,074,550
-	-	-	-	4,925
53,874	37,208	-	-	2,138,493
859	4,440	-	-	319,336
1,544,823	80,976	-	1,064,657	4,738,095
-	-	-	-	2,563
-	-	-	-	215,480
91,000	86,602	-	-	365,027
7,628,118	1,302,382	-	2,345,552	27,858,469
-	-	-	-	219,860
-	-	-	25,945,632	33,141,720
-	-	45,629,972	27,582,000	73,211,972
-	-	45,629,972	53,527,632	106,573,552
7,628,118	1,302,382	45,629,972	55,873,184	\$ 134,432,021
56,072	-	-	906,294	\$ 5,806,132
118,933	-	-	102,445	529,615
399	9,021	1,950,442	8,961,136	11,096,490
-	-	165,000	1,245,998	1,410,998
5,729,823	75,000	-	-	12,186,482
5,905,227	84,021	2,115,442	11,215,873	31,029,717
-	-	-	27,582,000	28,070,355
-	-	39,330,468	-	39,330,468
-	-	-	12,808,649	12,808,649
-	-	39,330,468	40,390,649	80,209,472
5,905,227	84,021	41,445,910	51,606,522	111,239,189
-	-	-	11,890,985	19,306,933
1,722,891	1,218,361	4,184,062	(7,624,323)	3,885,899
1,722,891	1,218,361	4,184,062	4,266,662	23,192,832
7,628,118	1,302,382	45,629,972	55,873,184	\$ 134,432,021

CHARTER COUNTY OF WAYNE, MICHIGAN
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended September 30, 2005

	Central Services	Department of Environment	Long-Term Disability	General Health
Operating revenues:				
Charges for services	\$ 53,566,396	8,883,872	1,469,377	134,362,609
Rentals and expense recoveries	-	333,585	-	-
Other charges for services	-	13,908	-	-
Total operating revenues	<u>53,566,396</u>	<u>9,231,365</u>	<u>1,469,377</u>	<u>134,362,609</u>
Operating expenses:				
Personnel	17,050,525	3,534,347	-	-
Fringe benefits	7,109,666	1,431,724	-	-
Pension	1,820,166	356,279	-	-
Materials and supplies	335,600	146,773	-	-
Contractual services	20,146,322	3,371,261	5,361	265,783
Travel	286,903	88,519	-	-
Miscellaneous operating	4,947,033	98,534	1,260,553	135,911,308
Rentals	818,220	99,869	-	-
Other charges	302,827	2,826	-	23,500
Depreciation and amortization	2,541,747	97,964	-	-
Total operating expenses	<u>55,359,009</u>	<u>9,228,096</u>	<u>1,265,914</u>	<u>136,200,591</u>
Operating income (loss)	<u>(1,792,613)</u>	<u>3,269</u>	<u>203,463</u>	<u>(1,837,982)</u>
Non-operating revenues (expenses):				
Investment earnings (loss)	-	(3,697)	-	-
Interest expense	-	-	-	-
Federal grants	108,290	-	-	-
Total non-operating revenues (expenses)	<u>108,290</u>	<u>(3,697)</u>	<u>-</u>	<u>-</u>
Change in net assets	(1,684,323)	(428)	203,463	(1,837,982)
Net assets at October 1, 2004	<u>11,421,375</u>	<u>418,054</u>	<u>1,631,278</u>	<u>1,649,419</u>
Net assets at September 30, 2005	<u>\$ 9,737,052</u>	<u>417,626</u>	<u>1,834,741</u>	<u>(188,563)</u>

Worker's Compensation Self Insurance	General Liability	Equipment Lease Financing	Building and Grounds Maintenance	Totals
1,895,240	2,154,355	-	22,810,958	\$ 225,142,807
-	-	1,140,090	1,470,364	2,944,039
-	-	-	-	13,908
<u>1,895,240</u>	<u>2,154,355</u>	<u>1,140,090</u>	<u>24,281,322</u>	<u>228,100,754</u>
-	-	-	7,076,649	27,661,521
-	-	-	2,945,953	11,487,343
-	-	-	768,354	2,944,799
-	-	-	922,705	1,405,078
245,785	7,962	-	2,739,320	26,781,794
-	-	-	57,547	432,969
2,706,651	2,254,325	-	5,433,333	152,611,737
-	-	-	2,930,666	3,848,755
-	-	-	10,759	339,912
-	-	-	1,066,366	3,706,077
<u>2,952,436</u>	<u>2,262,287</u>	<u>-</u>	<u>23,951,652</u>	<u>231,219,985</u>
<u>(1,057,196)</u>	<u>(107,932)</u>	<u>1,140,090</u>	<u>329,670</u>	<u>(3,119,231)</u>
-	-	(1,044,292)	172,283	(875,706)
-	-	(15,884)	(834,866)	(850,750)
-	-	-	-	108,290
<u>-</u>	<u>-</u>	<u>(1,060,176)</u>	<u>(662,583)</u>	<u>(1,618,166)</u>
(1,057,196)	(107,932)	79,914	(332,913)	(4,737,397)
<u>2,780,087</u>	<u>1,326,293</u>	<u>4,104,148</u>	<u>4,599,575</u>	<u>27,930,229</u>
<u>1,722,891</u>	<u>1,218,361</u>	<u>4,184,062</u>	<u>4,266,662</u>	<u>\$ 23,192,832</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended September 30, 2005

	Central Services	Department of Environment	Long-term Disability	General Health
Cash flows from operating activities:				
Receipts for interfund services provided	\$ 53,649,724	9,232,590	1,469,377	133,530,787
Receipts/(payments) from interfund loan	38,233	(46,674)	(16,455)	(1,703,098)
Payments to employees and payments for benefits	(26,611,482)	(5,490,221)	(74,281)	3,555
Payments to suppliers	(26,556,921)	(3,915,201)	(1,264,386)	(132,598,187)
Receipts/(payments) from component units	18,595	-	(2,839)	(308,636)
Net cash provided by (used in) operating activities	538,149	(219,506)	111,416	(1,075,579)
Cash flows from noncapital financing activities:				
Long-term receivable	-	-	-	-
Advances to other funds	-	-	-	-
Federal grants	108,290	-	-	-
Net cash provided by (used in) noncapital and related financing activities	108,290	-	-	-
Cash flows from capital and related financing activities:				
Repayment of long-term debt	-	-	-	-
Acquisition of capital assets	(362,281)	(139,522)	-	-
Interest paid	-	-	-	-
Net cash provided by (used in) capital and related financing activities	(362,281)	(139,522)	-	-
Cash flows from investing activities:				
Investment earnings (loss)	-	(3,697)	-	-
Net cash provided by investing activities	-	(3,697)	-	-
Net increase (decrease) in cash and cash equivalents	284,158	(362,725)	111,416	(1,075,579)
Cash and cash equivalents at October 1, 2004	4,940,153	552,297	2,048,651	5,269,491
Cash and cash equivalents at September 30, 2005	\$ 5,224,311	189,572	2,160,067	4,193,912
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1,792,613)	3,269	203,463	(1,837,982)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,541,747	97,964	-	-
(Increases) decreases in current assets:				
Accounts receivable	83,328	-	-	(831,822)
Due from other funds	(11,816)	965	(16,483)	(1,691,330)
Due from other governmental units	-	1,225	-	-
Due from component units	19,015	-	(2,839)	(308,636)
Other assets	165,759	-	-	1,550,605
Increases (decreases) in current liabilities:				
Accounts and contracts payable	(1,499,549)	(28,838)	1,528	1,245,824
Accrued wages and benefits	(631,125)	(167,871)	(74,281)	3,555
Due to other funds	50,049	(47,639)	28	(11,768)
Due to component units	(420)	-	-	-
Other liabilities	1,613,774	(78,581)	-	805,975
Net cash provided by (used in) operating activities	\$ 538,149	(219,506)	111,416	(1,075,579)
Cash and cash equivalents at September 30, 2005 consists of the following:				
Equity in pooled cash and investments	\$ 5,220,861	188,197	2,160,067	4,193,812
Other cash and investments	3,450	1,375	-	100
Total cash and investments	\$ 5,224,311	189,572	2,160,067	4,193,912

Workers' Compensation Self Insurance	General Liability	Equipment Lease Financing	Buildings and Grounds Maintenance	Totals
350,417	2,154,355	1,140,090	23,675,953	\$ 225,203,293
4,964,117	(22,963)	1,950,157	3,961,716	9,125,033
-	-	-	(11,042,007)	(43,214,436)
(4,277,158)	(2,382,463)	(530,833)	(13,478,781)	(185,003,930)
(857)	(4,309)	-	-	(298,046)
<u>1,036,519</u>	<u>(255,380)</u>	<u>2,559,414</u>	<u>3,116,881</u>	<u>5,811,914</u>
-	-	1,682,795	(1,388,004)	294,791
-	-	(3,337,075)	61,015	(3,276,060)
-	-	-	-	108,290
-	-	(1,654,280)	(1,326,989)	(2,872,979)
-	-	(165,000)	-	(165,000)
-	-	-	-	(501,803)
-	-	(15,884)	(834,866)	(850,750)
-	-	(180,884)	(834,866)	(1,517,553)
-	-	(1,044,292)	172,283	(875,706)
-	-	(1,044,292)	172,283	(875,706)
1,036,519	(255,380)	(320,042)	1,127,309	545,676
<u>4,901,043</u>	<u>1,348,536</u>	<u>320,042</u>	<u>153,586</u>	<u>19,533,799</u>
<u>5,937,562</u>	<u>1,093,156</u>	<u>-</u>	<u>1,280,895</u>	<u>\$ 20,079,475</u>
(1,057,196)	(107,932)	1,140,090	329,670	\$ (3,119,231)
-	-	-	1,066,366	3,706,077
(1,544,823)	-	-	(605,369)	(2,898,686)
4,963,718	(31,984)	-	517	3,213,587
-	-	-	-	1,225
(857)	(4,309)	-	-	(297,626)
-	-	-	-	1,716,364
(203,158)	(120,176)	(1,063)	(1,384,451)	(1,989,883)
-	-	-	(251,051)	(1,120,773)
399	9,021	1,950,157	3,961,199	5,911,446
-	-	-	-	(420)
<u>(1,121,564)</u>	<u>-</u>	<u>(529,770)</u>	<u>-</u>	<u>689,834</u>
<u>1,036,519</u>	<u>(255,380)</u>	<u>2,559,414</u>	<u>3,116,881</u>	<u>\$ 5,811,914</u>
5,937,562	1,093,156	-	1,280,895	\$ 20,074,550
-	-	-	-	4,925
<u>5,937,562</u>	<u>1,093,156</u>	<u>-</u>	<u>1,280,895</u>	<u>\$ 20,079,475</u>

FIDUCIARY FUNDS

***Fiduciary Funds** are comprised of Pension (and Other Employee Benefit) Trust Funds and Agency Funds. Pension (and Other Employee Benefit) Trust Funds are used to account for assets held by the County in a trustee capacity. Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.*

Pension (and Other Employee Benefit) Trust Funds

Employees – This fund accounts for the monies accumulated under the employee defined benefit pension plan.

Circuit Court Commissioners Bailiffs' Retirement System – This fund accounts for monies accumulated under the Circuit Court Bailiffs' retirement system.

Defined Contribution Plan – This fund accounts for monies accumulated under the employee defined contribution pension plan.

Agency Funds

Trust and Agency – This fund is used to account for miscellaneous trust and agency fund activity not specifically earmarked for another fund.

Undistributed Tax – This fund is used to account for current tax collections and their subsequent disbursement to other governmental units.

Library Penal Fines – This fund is used to account for monies received by District Courts from court fines and disbursed to public libraries.

Office of the County Clerk – This fund is used to account for monies received by the County Clerk including bonds and various fees. Disbursements include attorney fees, restitution payments, garnishments, and jury fees.

Retainages – This fund is used to account for monies retained from contractors involved with County projects. Disbursements are made to the contractor upon successful completion of the project.

Imprest Payroll – This fund is used to account for employee payroll withholdings and their subsequent disbursement.

Imprest Retirement Payroll – This fund is used to account for monthly benefits payments to retirees.

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Pension and (Other Employee Benefit) Trust Funds
As of September 30, 2005

	Employees	Circuit Court Commissioners Bailiffs'	Defined Contribution Plan	Total Pension and (Other Employee Benefit) Trust Funds
<u>Assets</u>				
Equity in pooled cash and investments	\$ 1,153,136	385,788	105,110	\$ 1,644,034
Receivables:				
Accounts receivable	18,235,920	-	-	18,235,920
Accrued interest receivable	1,880,072	762	-	1,880,834
Total receivables	20,115,992	762	-	20,116,754
Retirement investments:				
Equity securities	597,375,127	4,497,549	247,920,903	849,793,579
Debt securities	159,276,474	125,974	86,435,719	245,838,167
Money market funds	63,412,269	67,496	-	63,479,765
Other investments	164,199,034	-	28,293,414	192,492,448
Total retirement investments	984,262,904	4,691,019	362,650,036	1,351,603,959
Prepayments and deposits	102,217	-	-	102,217
Depreciable capital assets, net	146,591	-	-	146,591
Total assets	\$ 1,005,780,840	5,077,569	362,755,146	\$ 1,373,613,555
<u>Liabilities</u>				
Accounts and contracts payable	\$ 503,430	-	-	\$ 503,430
Due to other funds	12,554	-	-	12,554
Accrued wages and benefits	15,996	-	-	15,996
Due to broker for securities purchased	13,800,296	-	-	13,800,296
Total liabilities	\$ 14,332,276	-	-	\$ 14,332,276
<u>Net Assets</u>				
Net assets held in trust for pension benefits	\$ 991,448,564	5,077,569	362,755,146	\$ 1,359,281,279

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Changes in Fiduciary Net Assets
Pension (and Other Employee Benefit) Trust Funds
For the Year Ended September 30, 2005

	Employees	Circuit Court Commissioners Bailiffs'	Defined Contribution Plan	Total Pension and (Other Employee Benefits) Trust Funds
<u>Additions</u>				
Investment income:				
Net appreciation to fair market value	\$ 98,773,481	488,617	31,748,567	\$ 131,010,665
Interest and dividends	37,813,781	-	6,133,575	43,947,356
Other investment income	1,606,982	33,566	1,397	1,641,945
Investment expenses	(3,825,139)	-	-	(3,825,139)
Net investment income	134,369,105	522,183	37,883,539	172,774,827
Retirement contributions:				
Employer	11,105,624	28,850	25,870,326	37,004,800
Employee	4,159,332	25,875	7,822,026	12,007,233
Total additions	149,634,061	576,908	71,575,891	221,786,860
<u>Deductions</u>				
Administrative expenses:				
Personnel	1,258,556	-	-	1,258,556
Fringe benefits	472,422	-	-	472,422
Pension	136,679	-	-	136,679
Materials and supplies	116,167	-	-	116,167
Contractual services	512,291	11,400	389,464	913,155
Travel	65,629	-	-	65,629
Rentals	237,411	-	-	237,411
Depreciation and amortization	81,480	-	-	81,480
Other charges	16,781	-	-	16,781
Total administrative expenses	2,897,416	11,400	389,464	3,298,280
Participant benefits	111,283,617	123,827	17,373,586	128,781,030
Total participant benefits	111,283,617	123,827	17,373,586	128,781,030
Total deductions	114,181,033	135,227	17,763,050	132,079,310
Change in net assets	35,453,028	441,681	53,812,841	89,707,550
Net assets at October 1, 2004	955,995,536	4,635,888	308,942,305	1,269,573,729
Net assets at September 30, 2005	\$ 991,448,564	5,077,569	362,755,146	\$ 1,359,281,279

CHARTER COUNTY OF WAYNE, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
As of September 30, 2005

	Trust and Agency	Undistributed Tax	Library Penal Fines	Office of the County Clerk	Retainages	Imprest Payroll	Imprest Retirement Payroll	Total Agency Funds
<u>Assets</u>								
Equity in pooled cash and investments	\$ 3,974,848	142,213,799	780,509	9,996,303	642,316	5,499,023	4,274,505	\$ 167,381,303
Other cash and investments	-	-	-	-	734,095	-	-	734,095
Due from other funds	327,905	-	-	-	-	9,447	-	337,352
Due from component units	46,394	-	26,597	-	-	-	-	72,991
Accounts receivable	2,509,115	7,311,292	-	80,647	44,961	1,145,107	-	11,091,122
Total assets	<u>\$ 6,858,262</u>	<u>149,525,091</u>	<u>807,106</u>	<u>10,076,950</u>	<u>1,421,372</u>	<u>6,653,577</u>	<u>4,274,505</u>	<u>\$ 179,616,863</u>
<u>Liabilities</u>								
Accounts and contracts payable	\$ 914,064	384,758	-	55,886	1,421,372	2,356,651	1,085,981	\$ 6,218,712
Due to other funds	25,638	-	-	-	-	-	-	25,638
Due to other governmental units	669,627	-	-	-	-	3,271,535	4,536	3,945,698
Accrued wages and benefits	-	-	-	-	-	255,948	3,110,781	3,366,729
Undistributed taxes	34,638	149,140,333	-	-	-	-	-	149,174,971
Retainage	4,989,361	-	-	-	-	-	-	4,989,361
Other liabilities	224,934	-	807,106	10,021,064	-	769,443	73,207	11,895,754
Total liabilities	<u>\$ 6,858,262</u>	<u>149,525,091</u>	<u>807,106</u>	<u>10,076,950</u>	<u>1,421,372</u>	<u>6,653,577</u>	<u>4,274,505</u>	<u>\$ 179,616,863</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Trust and Agency				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 6,278	1,790,158,982	1,786,190,412	\$ 3,974,848
Other cash and investments	16,829,729	4,478,942	21,308,671	-
Receivables:				
Accounts	565,485	16,054,430	14,110,800	2,509,115
Due from other funds	47,312	1,963,605,870	1,963,325,277	327,905
Due from component units	1,637	44,757	-	46,394
Total assets	<u>\$ 17,450,441</u>	<u>3,774,342,981</u>	<u>3,784,935,160</u>	<u>\$ 6,858,262</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 270,635	24,538,729	23,895,300	\$ 914,064
Due to other funds	1,556,614	4,250,946	5,781,922	25,638
Due to component units	-	-	-	-
Due to other governmental units	1,078,065	35,977,502	36,385,940	669,627
Accrued wages and benefits	-	18,577,251	18,577,251	-
Undistributed taxes	-	34,638	-	34,638
Retainage	11,180,225	-	6,190,864	4,989,361
Other liabilities	3,364,902	4,239,358,695	4,242,498,663	224,934
Total liabilities	<u>\$ 17,450,441</u>	<u>4,322,737,761</u>	<u>4,333,329,940</u>	<u>\$ 6,858,262</u>
Undistributed Tax				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 120,149,023	961,426,241	939,361,465	\$ 142,213,799
Other cash and investments	-	-	-	-
Receivables:				
Accounts	7,315,599	7,311,293	7,315,600	7,311,292
Due from other funds	-	602,788,795	602,788,795	-
Due from component units	-	-	-	-
Total assets	<u>\$ 127,464,622</u>	<u>1,571,526,329</u>	<u>1,549,465,860</u>	<u>\$ 149,525,091</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ -	92,263,250	91,878,492	\$ 384,758
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	127,141,339	900,863,580	878,864,586	149,140,333
Retainage	-	-	-	-
Other liabilities	323,283	323,282	646,565	-
Total liabilities	<u>\$ 127,464,622</u>	<u>993,450,112</u>	<u>971,389,643</u>	<u>\$ 149,525,091</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Library Penal Fines				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 883,286	3,385,488	3,488,265	\$ 780,509
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	3,589,360	3,589,360	-
Due from component units	-	26,597	-	26,597
Total assets	<u>\$ 883,286</u>	<u>7,001,445</u>	<u>7,077,625</u>	<u>\$ 807,106</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ -	-	-	\$ -
Due to other funds	-	-	-	-
Due to component units	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	883,286	6,803,868	6,880,048	807,106
Total liabilities	<u>\$ 883,286</u>	<u>6,803,868</u>	<u>6,880,048</u>	<u>\$ 807,106</u>
 Office of the County Clerk				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 3,151,544	12,944,417	6,099,658	\$ 9,996,303
Other cash and investments	-	21,087,735	21,087,735	-
Receivables:				
Accounts	-	10,588,104	10,507,457	80,647
Due from other funds	1,556,614	13,336,633	14,893,247	-
Due from component units	-	-	-	-
Total assets	<u>\$ 4,708,158</u>	<u>57,956,889</u>	<u>52,588,097</u>	<u>\$ 10,076,950</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 6,864	9,015,039	8,966,017	\$ 55,886
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	4,701,294	16,884,526	11,564,756	10,021,064
Total liabilities	<u>\$ 4,708,158</u>	<u>25,899,565</u>	<u>20,530,773</u>	<u>\$ 10,076,950</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Retainages				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 1,471,329	796,561	1,625,574	\$ 642,316
Other cash and investments	580,534	1,623,426	1,469,865	734,095
Receivables:				
Accounts	54,592	-	9,631	44,961
Due from other funds	-	648,437	648,437	-
Due from component units	-	-	-	-
Total assets	<u>\$ 2,106,455</u>	<u>3,068,424</u>	<u>3,753,507</u>	<u>\$ 1,421,372</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 2,106,455	991,842	1,676,925	\$ 1,421,372
Due to other funds	-	-	-	-
Due to component unit	-	1,402,713	1,402,713	-
Due to other governmental units	-	-	-	-
Accrued wages and benefits	-	-	-	-
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	-	10,132	10,132	-
Total liabilities	<u>\$ 2,106,455</u>	<u>2,404,687</u>	<u>3,089,770</u>	<u>\$ 1,421,372</u>
 Imprest Payroll				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 932,841	326,206,172	321,639,990	\$ 5,499,023
Other cash and investments	-	-	-	-
Receivables:				
Accounts	1,098,485	46,622	-	1,145,107
Due from other funds	-	422,699,245	422,689,798	9,447
Due from component units	-	-	-	-
Total assets	<u>\$ 2,031,326</u>	<u>748,952,039</u>	<u>744,329,788</u>	<u>\$ 6,653,577</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ -	99,544,208	97,187,557	\$ 2,356,651
Due to other funds	-	23,793,272	23,793,272	-
Due to component unit	-	-	-	-
Due to other governmental units	332,613	147,045,260	144,106,338	3,271,535
Accrued wages and benefits	-	740,022,011	739,766,063	255,948
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	1,698,713	955,953	1,885,223	769,443
Total liabilities	<u>\$ 2,031,326</u>	<u>1,011,360,704</u>	<u>1,006,738,453</u>	<u>\$ 6,653,577</u>

(Continued)

CHARTER COUNTY OF WAYNE, MICHIGAN
Agency Funds
Combining Statement of Changes in Assets and Liabilities, Continued
For the Year Ended September 30, 2005

	Balance October 1, 2004	Additions	Deductions	Balance September 30, 2005
Imprest Retirement Payroll				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 3,889,036	122,179,602	121,794,133	\$ 4,274,505
Other cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Due from other funds	-	1,074,012	1,074,012	-
Due from component units	-	-	-	-
Total assets	<u>\$ 3,889,036</u>	<u>123,253,614</u>	<u>122,868,145</u>	<u>\$ 4,274,505</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ -	15,614,463	14,528,482	\$ 1,085,981
Due to other funds	-	-	-	-
Due to component unit	-	-	-	-
Due to other governmental units	982,211	14,132,786	15,110,461	4,536
Accrued wages and benefits	2,834,980	219,238,368	218,962,567	3,110,781
Undistributed taxes	-	-	-	-
Retainage	-	-	-	-
Other liabilities	71,845	1,033,193	1,031,831	73,207
Total liabilities	<u>\$ 3,889,036</u>	<u>250,018,810</u>	<u>249,633,341</u>	<u>\$ 4,274,505</u>
Totals - All Agency Funds				
<u>Assets</u>				
Equity in pooled cash and investments	\$ 130,483,337	3,217,097,463	3,180,199,497	\$ 167,381,303
Other cash and investments	17,410,263	27,190,103	43,866,271	734,095
Receivables:				
Accounts	9,034,161	34,000,449	31,943,488	11,091,122
Due from other funds	1,603,926	3,007,742,352	3,009,008,926	337,352
Due from component units	1,637	71,354	-	72,991
Total assets	<u>\$ 158,533,324</u>	<u>6,286,101,721</u>	<u>6,265,018,182</u>	<u>\$ 179,616,863</u>
<u>Liabilities</u>				
Accounts and contracts payable	\$ 2,383,954	241,967,531	238,132,773	\$ 6,218,712
Due to other funds	1,556,614	28,044,218	29,575,194	25,638
Due to component units	-	1,402,713	1,402,713	-
Due to other governmental units	2,392,889	197,155,548	195,602,739	3,945,698
Accrued wages and benefits	2,834,980	977,837,630	977,305,881	3,366,729
Undistributed taxes	127,141,339	900,898,218	878,864,586	149,174,971
Retainage	11,180,225	-	6,190,864	4,989,361
Other liabilities	11,043,323	4,265,369,649	4,264,517,218	11,895,754
Total liabilities	<u>\$ 158,533,324</u>	<u>6,612,675,507</u>	<u>6,591,591,968</u>	<u>\$ 179,616,863</u>

(Concluded)

NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS

Discretely Presented Component Units are entities that are legally separate from the County but for which the County is financially accountable, or their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the County.

Detroit-Wayne County Stadium Authority (DWCSA) – This authority was incorporated by the County on August 20, 1996 under the provisions of Act 31 for the purpose of acquiring, building, furnishing, equipping, owning, improving, enlarging, operating and/or maintaining one or more stadia. The DWCSA's Articles of Incorporation provide for a six-member board ("the Commission"). Each member of the Commission is appointed by the Wayne County Executive.

Chapter 8, 20 and 21 Drainage Districts – Each of the drainage districts is a separate legal entity, with the power to contract, to sue and to be sued, and to hold, manage, and dispose of real and personal property. Drainage districts are established to provide for the construction, maintenance and funding of drains, sewers and equipment used in water management and flood control. Drainage districts are governed by Act No. 40 of the Public Acts of 1956. The full faith and credit of the County is generally given for the long-term debt of the drainage districts. There are 408 active drainage districts that are component units of the County.

Probate Court presides over matters related to the settlement of estates and trusts; appoints guardians and conservators for minors and other legally incapacitated persons, and has jurisdiction over numerous other matters, such as mental illness, communicable diseases, substance abuse and certain child custody issues.

Economic Development Corporation of Wayne County (EDC) – This separate legal entity was established pursuant to Michigan Public Act 338 of 1974. Its 11-member board is appointed by the Wayne County Executive. The EDC acts on behalf of and at the direction of Wayne County. Services include financial packaging, site location services, and low-cost financing to businesses locating or expanding in the County. The EDC's primary fiscal activity is to provide administration of federal grants on behalf and for the benefit of Wayne County.

The CDE, Inc. – The CDE, Inc. is a IRS Section 501(c) (3) Michigan corporation and a qualified community development entity that was granted new market tax credits (NTMC) allocation authority from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund). CDE, Inc. must comply with various rules and regulations of the CDFI Fund and Section 45D of the IRS Code, and must ensure that the NTMC's are used for investment in low-income communities in Wayne County. The County Executive has appointed six of the eleven board members.

NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Discretely Presented Component Units are entities that are legally separate from the County but for which the County is financially accountable, or their relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column to emphasize that they are legally separate from the County.

The Greater Wayne County Economic Development Corporation (GWEDC) – The GWEDC was created as a separate legal entity in November 2004 through an inter-local agreement between the EDC of Wayne County, the EDC of the City of Taylor and the EDC of the City of Detroit. The purpose of the GWEDC is to administer economic development programs and functions in Michigan, such as the One-Stop Center. The GWEDC is governed by an Executive Committee and a Board of Directors. The County Executive appoints the members of the Executive Committee and six of the ten board members. The entity is primarily funded by contributions from the County.

Metropolitan Growth and Development Corporation – This fund is used to account for the administration of federal loans received from the Small Business Administration and the Federal Grant Urban Loan Fund. These loans are then distributed to minority businesses and businesses in distressed communities.

Brownfield Redevelopment Authority (BRA) – The BRA was established by State enabling legislation. The BRA will assist the Wayne County Department of Environment and the various Wayne County communities involved with the Urban Recovery Partnership to facilitate the redevelopment of unproductive, contaminated and/or blighted property by providing tax incentives.

HealthChoice of Michigan (HealthChoice) – HealthChoice was established under the Municipal Health Corporations Act of 1987 to manage a health care program benefiting employees of County businesses that are unable to provide health benefits to their employees. HealthChoice administers the program in conjunction with a non-profit corporation; a third-party administrator; and Patient Care Management System, a unit of the County. HealthChoice Board members are County elected or County appointed officials.

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Discretely Presented Component Units
Combining Statement of Net Assets
As of September 30, 2005

<u>Assets</u>	Stadium Authority	Chapter 8 Drainage District	Chapter 20 Drainage District	Chapter 21 Drainage District	Probate Court
Current assets:					
Equity in pooled cash and investments	\$ -	4,593,179	5,865,459	-	355,692
Other cash and investments	11,375,826	-	100	-	-
Due from primary government	-	-	14,288	-	-
Receivables:					
Accounts receivable	31,430	3,494	3,333	-	726,367
Special assessments	-	765,334	7,949,824	12,910,095	-
Due from other governmental units	-	140,274	1,154,347	143,238	-
Less allowance for uncollectable account	-	(134,112)	-	-	-
Prepayments and deposits	-	-	-	-	30,868
Restricted assets:					
Equity in pooled cash and investments	-	-	-	258,126	-
Total current assets	<u>11,407,256</u>	<u>5,368,169</u>	<u>14,987,351</u>	<u>13,311,459</u>	<u>1,112,927</u>
Capital assets:					
Non-depreciable	81,983,744	-	487,706	-	-
Depreciable, net	<u>582,250,354</u>	<u>-</u>	<u>17,452,367</u>	<u>18,513,815</u>	<u>1,210,631</u>
Total assets	<u>\$ 675,641,354</u>	<u>5,368,169</u>	<u>32,927,424</u>	<u>31,825,274</u>	<u>2,323,558</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts and contracts payable	\$ -	353,421	1,385,499	170,736	10,396
Accrued wages and benefits	13,856	-	6,972	3,029	66,481
Due to primary government	4,157,237	-	2,299	38,636	41,992
Due to other governmental units	-	-	104,133	-	-
Current portion of long-term obligations	935,000	236,334	1,456,778	1,740,901	220,726
Unearned revenue	-	-	-	-	41,185
Other liabilities	<u>264,552</u>	<u>3,639</u>	<u>-</u>	<u>-</u>	<u>369,563</u>
Total current liabilities	5,370,645	593,394	2,955,681	1,953,302	750,343
Long-term obligations:					
Bonds payable	<u>78,060,000</u>	<u>529,000</u>	<u>6,526,364</u>	<u>11,210,095</u>	<u>465,460</u>
Total liabilities	<u>83,430,645</u>	<u>1,122,394</u>	<u>9,482,045</u>	<u>13,163,397</u>	<u>1,215,803</u>
Net assets:					
Invested in capital assets, net of related debt	585,239,098	-	9,990,250	18,513,815	1,210,631
Restricted net assets:					
Bond programs	-	-	-	258,126	-
Unrestricted	<u>6,971,611</u>	<u>4,245,775</u>	<u>13,455,129</u>	<u>(110,064)</u>	<u>(102,876)</u>
Total net assets	<u>592,210,709</u>	<u>4,245,775</u>	<u>23,445,379</u>	<u>18,661,877</u>	<u>1,107,755</u>
Total liabilities and net assets	<u>\$ 675,641,354</u>	<u>5,368,169</u>	<u>32,927,424</u>	<u>31,825,274</u>	<u>2,323,558</u>

Economic Development Corporation	Wayne County-Detroit CDE, Inc.	Greater Wayne County Economic Development Corporation	Metropolitan Growth and Development Corporation	Brownfield Redevelopment Authority	HealthChoice of Michigan	Total Non-major Discretely Presented Component Units
269,702	-	-	-	27,960	-	\$ 11,111,992
-	199,051	22,481	541,426	-	2,851,816	14,990,700
-	-	-	-	-	-	14,288
-	430,589	101,125	679,607	396,725	14,617	2,387,287
-	-	-	-	-	-	21,625,253
-	-	-	-	80,413	-	1,518,272
-	-	-	-	-	-	(134,112)
-	-	-	-	-	2,937	33,805
-	-	-	-	-	-	258,126
269,702	629,640	123,606	1,221,033	505,098	2,869,370	51,805,611
-	-	-	-	-	-	82,471,450
-	-	-	-	-	-	619,427,167
269,702	629,640	123,606	1,221,033	505,098	2,869,370	\$ 753,704,228
1,551	-	104,770	-	-	1,063,409	\$ 3,089,782
-	-	-	-	-	-	90,338
-	-	-	-	-	-	4,240,164
-	-	-	-	-	-	104,133
-	-	-	-	-	-	4,589,739
-	-	-	-	-	513,139	554,324
-	-	2,682	825,436	-	-	1,465,872
1,551	-	107,452	825,436	-	1,576,548	14,134,352
-	-	-	-	-	-	96,790,919
1,551	-	107,452	825,436	-	1,576,548	110,925,271
-	-	-	-	-	-	614,953,794
-	-	-	-	-	-	258,126
268,151	629,640	16,154	395,597	505,098	1,292,822	27,567,037
268,151	629,640	16,154	395,597	505,098	1,292,822	642,778,957
269,702	629,640	123,606	1,221,033	505,098	2,869,370	\$ 753,704,228

CHARTER COUNTY OF WAYNE, MICHIGAN
Non-major Discretely Presented Component Units
Combining Statement of Activities
For the Year Ended September 30, 2005

	Stadium Authority	Chapter 8 Drainage District	Chapter 20 Drainage District	Chapter 21 Drainage District	Probate Court
Expenses	37,759,784	1,679,949	5,960,621	3,107,492	11,846,116
Program revenues:					
Charges for services	6,580,447	1,495,626	2,738,269	1,640,781	934,004
Operating grants and contributions	-	6,560	492,094	381,381	11,042,899
Total program revenues	<u>6,580,447</u>	<u>1,502,186</u>	<u>3,230,363</u>	<u>2,022,162</u>	<u>11,976,903</u>
Net (expense) / program revenue	<u>(31,179,337)</u>	<u>(177,763)</u>	<u>(2,730,258)</u>	<u>(1,085,330)</u>	<u>130,787</u>
General revenues:					
Investment earnings (loss)	609,682	111,277	157,046	3,862	14,636
Other revenue	-	24,965	340,931	-	9,940
Total general revenues	<u>609,682</u>	<u>136,242</u>	<u>497,977</u>	<u>3,862</u>	<u>24,576</u>
Change in net assets	(30,569,655)	(41,521)	(2,232,281)	(1,081,468)	155,363
Net assets at October 1, 2004	<u>622,780,364</u>	<u>4,287,296</u>	<u>25,677,660</u>	<u>19,743,345</u>	<u>952,392</u>
Net assets at September 30, 2005	<u>\$ 592,210,709</u>	<u>4,245,775</u>	<u>23,445,379</u>	<u>18,661,877</u>	<u>1,107,755</u>

<u>Economic Development Corporation</u>	<u>Wayne County- Detroit CDE, Inc.</u>	<u>Greater Wayne County Economic Development Corporation</u>	<u>Metropolitan Growth and Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>HealthChoice of Michigan</u>	<u>Total Non-major Discretely Presented Component Units</u>
181,836	109,449	248,549	172,753	199,286	10,222,722	\$ 71,488,557
-	739,089	-	247,376	-	10,011,241	24,386,833
<u>-</u>	<u>-</u>	<u>264,577</u>	<u>-</u>	<u>191,913</u>	<u>-</u>	<u>12,379,424</u>
-	739,089	264,577	247,376	191,913	10,011,241	36,766,257
<u>(181,836)</u>	<u>629,640</u>	<u>16,028</u>	<u>74,623</u>	<u>(7,373)</u>	<u>(211,481)</u>	<u>(34,722,300)</u>
11,331	-	126	-	1,585	15,948	925,493
<u>93,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,800</u>	<u>-</u>	<u>560,028</u>
104,723	-	126	-	92,385	15,948	1,485,521
(77,113)	629,640	16,154	74,623	85,012	(195,533)	(33,236,779)
345,264	-	-	320,974	420,086	1,488,355	676,015,736
<u>268,151</u>	<u>629,640</u>	<u>16,154</u>	<u>395,597</u>	<u>505,098</u>	<u>1,292,822</u>	<u>\$ 642,778,957</u>

STATISTICAL

CHARTER COUNTY OF WAYNE, MICHIGAN
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 1

	Fiscal Year			
	2005	2004	2003	2002
Governmental activities				
Invested in capital assets, net of related debt	\$ 1,120,349,764	\$ 1,197,506,095	\$ 1,121,200,569	\$ 1,132,155,998
Restricted	78,499,486	89,283,168	116,567,440	107,936,275
Unrestricted	31,744,912	(100,261,050)	14,882,430	9,136,192
Total governmental activities net assets	<u>\$ 1,230,594,162</u>	<u>\$ 1,186,528,213</u>	<u>\$ 1,252,650,439</u>	<u>\$ 1,249,228,465</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 215,294,234	\$ 213,588,076	\$ 210,961,174	\$ 218,771,660
Restricted	27,756,939	8,860,494	5,597,729	23,508,151
Unrestricted	226,293,783	263,048,648	284,801,461	275,035,522
Total business-type activities net assets	<u>\$ 469,344,956</u>	<u>\$ 485,497,218</u>	<u>\$ 501,360,364</u>	<u>\$ 517,315,333</u>
Primary government				
Invested in capital assets, net of related debt	\$ 1,335,643,998	\$ 1,411,094,171	\$ 1,332,161,743	\$ 1,350,927,658
Restricted	106,256,425	98,143,662	122,165,169	131,444,426
Unrestricted	258,038,695	162,787,598	299,683,891	284,171,714
Total primary government net assets	<u>\$ 1,699,939,118</u>	<u>\$ 1,672,025,431</u>	<u>\$ 1,754,010,803</u>	<u>\$ 1,766,543,798</u>

Source: Statement of Net Assets

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN

Table 2

Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

	Fiscal Year			
	2005	2004	2003	2002
Expenses				
Governmental activities:				
Legislative	\$ 9,188,573	\$ 10,177,044	\$ 11,411,617	\$ 11,875,687
Judicial	97,825,306	96,132,126	95,641,722	108,709,078
General government	145,810,861	153,568,662	138,170,641	129,032,360
Public safety	155,603,090	155,073,064	143,033,539	140,377,340
Public works	7,213,592	1,405,283	1,361,556	1,611,438
Highways, streets and bridges	153,092,909	155,501,853	136,367,997	191,949,420
Health and welfare	901,419,542	898,801,705	810,848,226	847,542,104
Recreation and cultural	29,385,031	21,381,501	25,315,782	20,370,195
Non-departmental	26,348,341	68,457,086	16,193,940	10,556,323
Interest on long-term debt	24,700,535	21,852,165	18,523,682	20,396,369
Total governmental activities net expenses	1,550,587,780	1,582,350,489	1,396,868,702	1,482,420,314
Business-type activities				
Sewage Disposal Systems	93,032,938	94,528,542	88,811,396	88,383,960
Jail Commissary	1,187,155	1,617,312	1,519,288	1,894,398
Parking Lots	203,767	219,255	204,126	273,512
Wetlands Mitigation	4,714	3,412	18,043	348,886
Total business-type activities expenses	94,428,574	96,368,521	90,552,853	90,900,756
Total primary government expenses	\$ 1,645,016,354	\$ 1,678,719,010	\$ 1,487,421,555	\$ 1,573,321,070
Program Revenues				
Governmental activities:				
Charges for services:				
Legislative	\$ -	\$ -	\$ -	\$ 40,112
General government	110,026,444	98,694,975	53,753,677	51,978,765
Public safety	27,283,187	21,876,293	31,025,293	31,648,776
Public works	6,030,406	165,596	149,994	282,722
Highways, streets and bridges	6,440,722	2,515,692	14,058,496	12,516,999
Health and welfare	30,722,630	28,000,366	36,016,844	31,930,051
Recreation and cultural	3,681,338	5,024,490	3,604,126	4,385,943
Non-departmental	1,366,679	3,016,276	7,831,229	2,512,615
Operating grants and contributions	872,743,248	866,483,146	788,897,167	796,511,575
Capital grants and contributions	10,280,664	18,963,218	8,277,614	8,998,302
Total governmental activities program revenues	\$ 1,068,575,318	\$ 1,044,740,052	\$ 943,614,440	\$ 940,805,860

Source: Statement of Activities

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 2

	Fiscal Year			
	2005	2004	2003	2002
Business-type activities:				
Charges for services:				
Sewage Disposal Systems	\$ 68,001,057	\$ 68,028,486	\$ 65,805,555	\$ 65,171,991
Jail Commissary	1,313,955	1,218,282	1,387,085	1,427,123
Parking Lots	174,439	314,121	482,715	273,512
Wetlands Mitigation	-	2,501	6,579	62,258
Operating grants and contributions	7,121,073	9,286,908	4,415,319	8,579,817
Capital grants and contributions	334,776	1,508,266	1,890,080	1,406,452
Total business-type activities program revenues	<u>76,945,300</u>	<u>80,358,564</u>	<u>73,987,333</u>	<u>76,921,153</u>
Total primary government revenues	<u>\$ 1,145,520,618</u>	<u>\$ 1,125,098,616</u>	<u>\$ 1,017,601,773</u>	<u>\$ 1,017,727,013</u>
Net revenue (expense)				
Governmental activities	(482,012,462)	(537,610,437)	(453,254,262)	(541,614,454)
Business-type activities	(17,483,274)	(16,009,957)	(16,565,520)	(13,979,603)
Total primary government net revenue (expense)	<u>\$ (499,495,736)</u>	<u>\$ (553,620,394)</u>	<u>\$ (469,819,782)</u>	<u>\$ (555,594,057)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes	\$ 465,466,446	\$ 382,482,152	\$ 378,550,713	\$ 362,890,580
Investment earnings	29,596,690	21,817,258	28,434,900	30,946,890
State sales tax	-	31,687,048	36,295,009	39,683,268
Airport parking taxes	10,170,273	7,227,758	6,689,988	13,031,194
Other revenue	20,845,002	28,319,339	6,816,810	7,920,187
Transfers	-	(45,344)	(111,184)	-
Total governmental activities	<u>526,078,411</u>	<u>471,488,211</u>	<u>456,676,236</u>	<u>454,472,119</u>
Business-type activities:				
Investment earnings	1,156,012	101,467	499,367	510,685
Other revenue	175,000	-	-	201,154
Transfers	-	45,344	111,184	-
Total business-type activities	<u>1,331,012</u>	<u>146,811</u>	<u>610,551</u>	<u>711,839</u>
Total primary government	<u>\$ 527,409,423</u>	<u>\$ 471,635,022</u>	<u>\$ 457,286,787</u>	<u>\$ 455,183,958</u>
Change in Net Assets				
Governmental activities	\$ 44,065,949	\$ (66,122,226)	3,421,974	(87,142,335)
Business-type activities	(16,152,262)	(15,863,146)	(15,954,969)	(13,267,764)
Total primary government	<u>\$ 27,913,687</u>	<u>\$ (81,985,372)</u>	<u>\$ (12,532,995)</u>	<u>\$ (100,410,099)</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

	Fiscal Year					
	2005	2004	2003	2002	2001	2000
General fund						
Reserved	\$ 5,558,375	\$ 2,034,486	\$ 16,243,273	\$ 2,717,219	\$ 2,504,350	\$ 2,504,350
Unreserved	18,078,957	17,065,541	14,516,980	27,705,724	27,355,022	22,418,540
Total general fund	<u>23,637,332</u>	<u>19,100,027</u>	<u>30,760,253</u>	<u>30,422,943</u>	<u>29,859,372</u>	<u>24,922,890</u>
 All other governmental funds						
Reserved	53,910,375	50,624,376	71,896,261	65,273,732	86,763,871	87,255,224
Unreserved, reported in:						
Special revenue funds	81,509,501	49,647,768	33,272,083	31,667,942	73,548,313	81,437,161
Total all other governmental funds	<u>\$ 135,419,876</u>	<u>\$ 100,272,144</u>	<u>\$ 105,168,344</u>	<u>\$ 96,941,674</u>	<u>\$ 160,312,184</u>	<u>\$ 168,692,385</u>

Source: Balance Sheet - Governmental Funds

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 3

Fiscal Year			
1999	1998	1997	1996
\$ 2,575,708	\$ 2,527,107	\$ 721,190	\$ 683,397
16,955,160	16,666,238	14,495,457	19,926,111
<u>19,530,868</u>	<u>19,193,345</u>	<u>15,216,647</u>	<u>20,609,508</u>
103,911,785	110,513,349	96,629,537	82,306,506
78,681,990	68,013,826	43,506,914	34,960,787
<u>\$ 182,593,775</u>	<u>\$ 178,527,175</u>	<u>\$ 140,136,451</u>	<u>\$ 117,267,293</u>

CHARTER COUNTY OF WAYNE, MICHIGAN
 Governmental Activities Tax Revenues By Source
 Last Four Fiscal Years
 (accrual basis of accounting)
 (Unaudited)

Table 4

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Sales Tax</u>	<u>Airport Parking Tax</u>	<u>Total</u>
2002	362,890,580	39,683,268	13,031,194	415,605,042
2003	378,550,713	36,295,009	6,689,988	421,535,710
2004	382,482,152	31,687,048	7,227,758	421,396,958
2005	465,466,446	-	10,170,273	475,636,719

Source: Statement of Activities

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal years
(modified accrual basis of accounting)
(Unaudited)

Table 5

	Fiscal Year			
	2005	2004	2003	2002
Revenues				
Taxes	\$ 444,819,266	\$ 366,881,312	\$ 349,422,242	\$ 329,479,794
Licenses and permits	361,912	257,308	244,276	255,730
Federal grants	86,857,480	73,029,823	66,665,551	55,462,877
State grants and contracts	762,754,386	809,758,806	751,244,421	788,538,608
Local grants and contracts	25,185,504	21,601,175	23,132,104	18,994,676
Charges for services	133,186,617	118,979,951	123,714,357	141,038,420
Investment earnings	27,193,049	19,818,309	23,308,753	24,292,118
Other	17,908,702	17,784,226	22,273,783	25,524,882
Total revenues	1,498,266,916	1,428,110,910	1,360,005,487	1,383,587,105
Expenditures				
Legislative	11,024,055	11,369,556	11,399,270	11,869,328
Judicial	97,595,531	94,200,236	93,707,488	107,007,993
General government	109,078,546	117,704,116	109,917,422	121,990,951
Public safety	150,353,795	149,489,084	137,391,534	135,372,786
Public works	1,318,381	1,405,283	1,361,556	1,611,438
Highways, streets and bridges	102,427,859	106,791,407	86,604,534	141,317,974
Health and welfare	901,865,417	895,239,267	810,141,899	866,151,161
Recreation and cultural	28,148,791	21,937,798	23,916,073	20,216,706
Non-departmental	26,348,344	21,664,698	23,258,713	10,556,049
Capital outlay	13,412,324	16,149,894	44,848,675	37,107,744
Debt service	38,535,108	37,888,747	36,628,221	36,785,248
Total expenditures	1,480,108,151	1,473,840,086	1,379,175,385	1,489,987,378
Excess of revenues over (under) expenditures	18,158,765	(45,729,176)	(19,169,898)	(106,400,273)
Other financing sources (uses)				
Transfers in	329,148,461	176,072,485	149,134,747	178,017,912
Transfers out	(308,148,461)	(147,980,578)	(135,140,868)	(154,017,912)
Sale of capital assets	526,272	1,080,843	13,740,000	19,774,797
Other financing sources	-	-	-	-
Total other financing sources (uses)	21,526,272	29,172,750	27,733,879	43,774,797
Net change in fund balances	39,685,037	(16,556,427)	8,563,981	(62,625,476)
Debt service as a percentage of noncapital expenditures	2.6%	2.6%	2.7%	2.5%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal years
(modified accrual basis of accounting)
(Unaudited)

Table 5

		Fiscal Year			
2001	2000	1999	1998	1997	1996
\$ 314,987,964	\$ 306,971,671	\$ 293,883,683	\$ 275,639,561	\$ 261,934,487	\$ 239,962,465.00
219,041	212,018	199,890	153,365	181,109	175,056
53,761,913	50,145,473	38,344,033	40,774,226	62,461,081	91,503,493
771,477,861	732,032,679	726,939,812	442,695,594	501,035,539	497,334,668
22,990,198	17,153,388	31,866,111	14,119,516	28,921,511	55,767,398
138,739,515	128,673,748	144,439,603	163,427,152	199,070,389	167,972,071
37,204,453	40,201,699	33,335,876	30,031,602	31,774,039	26,666,364
26,813,599	62,935,399	47,942,198	20,462,133	11,161,074	14,653,418
1,366,194,544	1,338,326,075	1,316,951,206	987,303,149	1,096,539,229	1,094,034,933
9,923,070	9,520,738	8,802,924	7,011,905	6,290,717	6,218,639
90,957,613	91,427,865	124,976,106	99,437,747	99,316,456	60,588,663
98,746,632	110,628,525	101,570,117	71,337,661	89,818,905	82,717,720
127,104,143	121,641,545	115,820,337	87,841,801	100,781,812	98,480,697
1,758,065	715,471	861,243	2,096,355	1,274,099	1,352,130
124,257,420	124,106,052	102,717,684	79,087,259	94,156,059	90,470,480
836,844,370	792,688,863	768,186,955	529,362,642	633,724,389	696,629,547
20,805,964	20,628,835	20,609,402	14,845,257	12,609,756	5,063,203
13,104,471	12,216,705	7,422,340	23,291,780	26,209,379	14,541,424
37,319,937	64,508,704	30,870,670	38,181,254	18,101,693	32,517,381
39,297,658	37,398,824	40,709,305	33,780,591	6,779,668	6,394,512
1,400,119,343	1,385,482,127	1,322,547,083	986,274,252	1,089,062,933	1,094,974,396
(33,924,799)	(47,156,052)	(5,595,877)	1,028,897	7,476,296	(939,463)
156,501,441	143,442,662	143,675,342	148,906,310	151,450,730	131,048,173
(144,501,441)	(132,991,395)	(133,675,342)	(138,906,310)	(141,450,730)	(126,048,173)
15,731,080	-	(14,892,121)	-	-	(50,000)
2,750,000	28,195,417	14,892,121	31,315,000	-	44,108,865
30,481,080	38,646,684	10,000,000	41,315,000	10,000,000	49,058,865
(3,443,719)	(8,509,368)	4,404,123	42,343,897	17,476,296	48,119,402
2.9%	2.8%	3.2%	3.6%	0.6%	0.6%

CHARTER COUNTY OF WAYNE, MICHIGAN
General Governmental Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 6

Fiscal year	Taxes	Licenses and Permits	Federal Grants	State Grants and Contracts	Local Grants and Contracts	Charges for Services	Interest and Rents	Other
1996	239,962,465	175,056	91,503,493	497,334,668	55,767,398	167,972,071	26,666,364	14,653,418
1997	261,934,487	181,109	62,461,081	501,035,539	28,921,511	199,070,389	31,774,039	11,161,074
1998	275,639,561	153,365	40,774,226	442,695,594	14,119,516	163,427,152	30,031,602	20,462,133
1999	293,883,683	199,890	38,344,033	726,939,812	31,866,111	144,439,603	33,335,876	47,942,198
2000	306,971,671	212,018	50,145,473	732,032,679	17,153,388	128,673,748	40,201,699	62,935,399
2001	314,987,964	219,041	53,761,913	771,477,861	22,990,198	138,739,515	37,204,453	26,813,599
2002	329,479,794	255,730	55,462,877	788,538,608	18,994,676	141,038,420	24,292,118	25,524,882
2003	349,422,242	244,276	66,665,551	751,244,421	23,132,104	123,714,357	23,308,753	22,273,783
2004	366,881,312	257,308	73,029,823	809,758,806	21,601,175	118,979,951	19,818,309	17,784,226
2005	444,819,266	361,912	86,857,480	762,754,386	25,185,504	133,186,617	27,193,049	17,908,702

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Assessed Value and Estimated Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Table 7

Fiscal Year	STATE EQUALIZED VALUATIONS (SEV) (1)(3)						TAXABLE VALUE (2)
	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Assessed Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	25,139,936,087	50,279,872,174	4,858,265,120	9,716,530,240	29,998,201,207	59,996,402,414	29,747,976,823
1997	26,310,993,779	52,621,987,558	5,241,020,060	10,482,040,120	31,552,013,839	63,104,027,678	30,879,770,793
1998	28,077,320,530	56,154,641,060	5,546,412,960	11,092,825,920	33,623,733,490	67,247,466,980	32,269,314,691
1999	30,601,942,266	61,203,884,532	5,751,356,480	11,502,712,960	36,353,298,746	72,706,597,492	33,736,851,177
2000	34,063,838,498	68,127,676,996	6,021,875,360	12,043,750,720	40,085,713,858	80,171,427,716	35,393,234,384
2001	38,238,922,564	76,477,845,128	6,147,794,749	12,295,589,498	44,386,717,313	88,773,434,626	37,296,590,731
2002	42,794,406,516	85,588,813,032	6,243,221,790	12,486,443,580	49,037,628,306	98,075,256,612	39,686,041,102
2003	47,568,226,224	95,136,452,448	6,221,665,095	12,443,330,190	53,789,891,319	107,579,782,638	41,905,186,259
2004	51,195,511,023	102,391,022,046	5,777,906,287	11,555,812,574	56,973,417,310	113,946,834,620	43,339,343,473
2005	54,203,139,061	108,406,278,122	5,989,064,136	11,978,128,272	60,192,203,197	120,384,406,394	45,917,929,737

- (1) The State Equalized Valuation against which the tax levy is applied to is determined as of the December 31 prior to the December 1 on which the taxes are levied
- (2) Beginning in fiscal year 1996, the ad valorem mileage is based on the Taxable Value rather than the State Equalized Valuation
- (3) In accordance with Act 409, Public Acts of Michigan, 1965, and Article IX, Section 3, of the Michigan Constitution the State Equalized Valuation represents fifty percent (50%) of true cash value

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Table 8

<u>For</u> <u>Tax Levy</u> <u>December 1</u>	<u>Fiscal</u> <u>Year</u>	<u>County</u> <u>General</u>	<u>County</u> <u>Parks</u>	<u>County</u> <u>Jail</u>	<u>R.E.S.A.</u> <u>(I.S.D.)</u>	<u>H.C.M.A.</u>	<u>Community</u> <u>College</u>	<u>County</u> <u>Tax</u> <u>Levy</u>
1995	1996	6.7258	N/A	0.9532	1.9971	0.2236	1.2738	11.1735
1996	1997	6.7258	0.2500	0.9532	1.9971	0.2236	1.2019	11.3516
1997	1998	6.7258	0.2500	0.9532	1.9971	0.2236	1.1913	11.3410
1998	1999	6.7258	0.2500	0.9532	1.9971	0.2235	1.1489	11.2985
1999	2000	6.7068	0.2493	0.9505	1.9914	0.2218	1.0190	11.1388
2000	2001	6.6651	0.2477	0.9446	1.9789	0.2202	1.0000	11.0565
2001	2002	6.6556	0.2473	0.9432	1.9753	0.2186	2.4995	12.5395
2002	2003	6.6380	0.2459	0.9381	3.4643	0.2170	2.4862	13.9895
2003	2004	6.6380	0.2459	0.9381	3.4643	0.2161	2.4862	13.9886
2004	2005	6.6380	0.2459	0.9381	3.4643	0.2154	2.4844	13.9861

Note: The property tax rates are stated per \$1,000 of State Equalized Assessed Valuation.
Beginning in fiscal year 1996, the ad valorem mileage is based on the Taxable Valuation rather
the State Equalized Valuation.

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Principal Property Taxpayers
Fiscal Year 2005
(Unaudited)

Table 9

<u>Company</u>	<u>Line of Business</u>	2005			1996		
		<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of State Equalized Value</u>	<u>Total Assessment</u>	<u>Rank</u>	<u>Percentage of State Equalized Value</u>
Ford Motor Company	Automotive	1,628,125,446	1	2.86 %	1,575,551,656	1	5.25 %
DTE Energy	Utility	1,312,587,598	2	2.30	674,132,519	2	2.25
Daimler Chrysler Corporation	Automotive	871,426,826	3	1.53	293,570,946	5	0.98
General Motors Corporation	Automotive	323,931,135	4	0.57	216,105,503	7	0.72
Visteon	Automotive	169,103,506	5	0.30			
Rouge Steel Company	Steel	144,403,309	6	0.25	315,382,550	3	1.05
National Steel Corporation	Steel	144,391,050	7	0.25	248,154,100	6	0.83
Auto Alliance Int'l Inc.	Automotive	126,726,800	8	0.22	88,348,772	8	0.29
Riverfront Holdings Inc	Real Estate Development	121,819,245	9	0.21			
Mirant Corporation	Utility-Marketing	100,392,700	10	0.18			
Dayton Hudson	Retail				62,349,753	9	0.21
BASF Corporation	Technology				58,013,885	10	0.19
Michigan Consolidated Gas	Utility				311,716,420	4	1.04
Total		<u>\$ 4,942,907,615</u>		8.68 %	<u>\$ 3,843,326,104</u>		12.81 %
Total State Equalized Value (S.E.V.) (1)		<u>\$ 56,973,417,310</u>			<u>\$ 29,998,201,207</u>		

(1) The State Equalized Value for the County's fiscal year 2005, which commenced October 1, 2004 was determined, as of December 31, 2003.

Note: Total assessments do not include abated properties.

Source: Wayne County Assessment and Equalization Division.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Table 10

For Tax Levy December 1	Fiscal Year	Total Levy	Current Tax Collection	Percent of Tax Levy Collected Before Delinquent	Total Delinquent Special Assessments March 1
1995	1996	\$ 991,168	865,074	87.28 %	\$ 126,094
1996	1997	868,899	756,856	87.11	112,043
1997	1998	880,036	770,475	87.55	109,561
1998	1999	496,959	438,027	88.14	58,932
1999	2000	1,338,475	1,137,144	84.96	201,331
2000	2001	1,035,656	892,422	86.17	143,234
2001	2002	1,012,406	832,882	82.27	179,524
2002	2003	1,129,883	985,296	87.20	144,587
2003	2004	878,509	784,246	89.27	94,263
2004	2005	1,019,315	901,673	88.46	117,642

Note: All delinquent assessments are paid from the current Delinquent Tax Revolving Fund.

Source : Office of the Wayne County Treasurer and Wayne County Department of Management and Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Table 11

Fiscal year	Governmental Activities				Business-Type Activities		Total Primary Government
	General Obligation Bonds	Revenue Bonds	Notes Payable	Capital Leases	Sewer Bonds	Revenue Bonds	
1996	-	3,281,612	53,100,000	-	150,176,522	475,234,207	681,792,341
1997	-	2,425,523	52,500,000	-	188,425,999	463,291,678	706,643,200
1998	-	1,916,394	64,950,000	23,670,972	214,724,800	1,441,407,866	1,746,670,032
1999	-	1,638,195	67,390,000	24,405,630	267,223,568	1,424,916,285	1,785,573,678
2000	-	1,219,523	59,100,000	22,337,630	292,452,751	1,407,289,970	1,782,399,874
2001	-	855,279	46,800,000	20,302,534	283,593,848	1,657,103,155	2,008,654,816
2002	131,298,816	84,843,000	53,069,276	66,418,468	264,089,165	5,788,532	605,507,257
2003	204,732,085	3,566,000	84,800,000	63,394,198	251,349,838	5,377,821	613,219,942
2004	183,854,770	3,294,000	135,000,000	15,381,635	236,718,744	4,952,110	579,201,259
2005	165,505,194	3,007,000	142,400,000	14,054,647	221,840,603	4,511,399	551,318,843

Source: Wayne County Department of Management and Budget.

(A) - For population and per capita person income data see Table 15, Demographic and Economic Statistics.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Ratio of Net General Bonded Debt to Assessed Value and
Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Table 12

Fiscal Year	Population	Assessed Value To Fund Operations in Fiscal Year	Net Bonded Debt	Net Bonded Debt as a Percentage of Assessed Value	Net Bonded Debt Per Capita
1996	2,109,282	29,998,201,207	515,973,073	1.72%	\$ 244.62
1997	2,109,282	31,552,013,839	662,995,155	2.10	314.32
1998	2,109,282	33,623,733,490	702,835,477	2.09	333.21
1999	2,109,282	36,353,298,746	725,325,752	2.00	343.87
2000	2,109,282	40,085,713,858	742,868,123	1.85	352.19
2001	2,061,162	44,386,717,313	809,140,185	1.82	392.57
2002	2,061,162	49,037,628,306	771,793,219	1.57	374.45
2003	2,061,162	53,789,891,319	788,049,544	1.47	382.33
2004	2,061,162	56,973,417,310	798,858,655	1.40	387.58
2005	2,006,527	60,193,381,061	757,276,595	1.26	377.41

Source: SEMCOG, U.S. Census Bureau and Wayne County Department of Management and Budget.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Direct and Overlapping Governmental Activities Debt
As of September 30, 2005
(Unaudited)

Table 13

Indebtedness:

The following table sets forth the indebtedness of the County as of September 30, 2005:

Debt Carrying the County's Limited Tax General Obligation:	
Fiscal Stabilization Bonds	\$ 22,585,962
Fannie Mae Note	1,000,000
Capital Improvement Bonds	13,275,000
Building Authority Bonds ⁽¹⁾	97,125,000
Stadium Authority Bonds ⁽¹⁾	78,995,000
Chapter 8 Drainage Notes	765,334
Drainage Districts Bonds	20,859,918
Probate Court Installment Purchase Agreement (IPA)	686,186
MMBA Equipment and Real Property IPA	165,000
Michigan Transportation Fund Bonds	40,880,000
Delinquent Tax Notes	141,400,000
Airport Hotel Revenue Bonds	110,920,000
Sewage Disposal Bonds	228,361,578
Total Debt Carrying the County's Limited Tax General Obligation	757,018,978
Other Debt:	
Metro Airport Revenue Bonds	2,261,165,000
Hotel Debt (Capital Loans)	6,500,000
Willow Run Notes	719,337
Airport Energy Conservation IPA	10,235,000
Capital Lease Obligations ⁽¹⁾	14,054,647
Total Other Debt	2,292,673,984
Gross Direct Debt	\$ 3,049,692,962
Deductions:	
Metro Airport Revenue Bonds ⁽²⁾	2,261,165,000
Airport Energy Conservation IPA ⁽²⁾	10,235,000
Willow Run Notes ⁽²⁾	719,337
Fiscal Stabilization Bonds ⁽³⁾	22,585,962
Stadium Authority Bonds ⁽⁴⁾	78,995,000
Drainage Districts Bonds ⁽⁵⁾	20,859,918
Michigan Transportation Fund Bonds ⁽⁶⁾	40,880,000
Delinquent Tax Notes ⁽⁷⁾	141,400,000
Airport Hotel Revenue Bonds ⁽⁹⁾	110,920,000
Sewage Disposal Bonds ⁽⁸⁾	228,361,578
Total Deductions	2,916,121,795
Net Direct Debt	\$ 133,571,167

- (1) Payable from lease rentals which constitute full faith and credit obligations of the County.
- (2) Payable solely from airport revenues, passenger facility charges, or direct airline pledges.
- (3) Revenues are projected to be sufficient to cover debt service, based on experience.
- (4) Motor vehicle rental and hotel tax revenues are projected to be sufficient to cover debt service.
- (5) Payments from benefited local communities or properties are projected to be sufficient to cover debt service, based on experience.
- (6) Revenues from the State of Michigan Transportation Fund are projected to be sufficient to cover debt service, based on experience.
- (7) Delinquent tax revenues are projected to be sufficient to cover debt service, based on experience.
- (8) User fees or payments from benefited local communities are projected to be sufficient to cover debt service, based on experience.
- (9) Payable primarily from Airport Hotel revenues.

Source: Wayne County Department of Management and Budget, Accounting Division

See accompanying accountant's report.

Overlapping Debt:

Property in the County is currently taxed for a proportionate share of outstanding debt obligations of overlapping governmental entities including school districts, cities, villages and townships within the County of Wayne, the Regional Educational Service Agency and Wayne County Community College. The table below shows the County's outstanding tax supported overlapping debt as of September 30, 2005.

OVERLAPPING DEBT	
As of September 30, 2005	
School Districts	\$ 3,118,156,857
Cities and Villages	2,084,635,644
Townships	193,809,866
Libraries	34,954,193
Community Colleges	59,165,000
Total Overlapping Debt	<u>\$ 5,490,721,560</u>

Source: Municipal Advisory Council of Michigan

Debt Statement Summary:

The following table shows the County's net direct and overlapping debt as of September 30, 2005:

NET DIRECT AND OVERLAPPING DEBT	
As of September 30, 2005	
Direct debt:	
Gross Principal amount	\$ 3,049,692,962
Less amount payable from other sources	<u>2,916,121,796</u>
Net direct debt	133,571,166
Overlapping debt	<u>5,490,721,560</u>
Net direct and overlapping debt	<u>\$ 5,624,292,726</u>

Source: Municipal Advisory Council of Michigan and Wayne County Department of Management and Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Legal Debt Margin Information
September 30, 2005
(Unaudited)

Table 14

Legal Debt Margin:

The amount of general purpose, general obligation debt the County may have outstanding at any time is limited by state law. The County's legal debt margin is calculated below:

State Equalized Valuation (SEV)	\$	60,193,381,061
General Purpose Debt Limit (10% of SEV)		6,019,338,106
Tax-Supported Debt Outstanding		757,018,978
Percent of debt outstanding to SEV		1.26%
Margin of additional debt which could legally be incurred subject to debt limit	\$	5,262,319,128

Trend of Indebtedness

<u>Fiscal Year</u>	<u>Tax-Supported Debt Outstanding</u>
1996	515,973,073
1997	662,995,155
1998	702,835,477
1999	725,325,751
2000	742,868,123
2001	809,140,185
2002	771,793,219
2003	788,049,544
2004	798,858,655
2005	757,018,978

Source: Wayne County Department of Management and Budget

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Demographic and Economic Statistics
Last Ten fiscal Years
(Unaudited)

Table 15

Year	Population				Per Capita Personal Income			Michigan Median Age	Michigan Average Unemployment Rate
	U.S.	Change from Prior Period	Michigan	Change from Prior Period	U.S.	Michigan	Michigan as percent of U.S.		
1996	269,394,284		9,758,645		24,175	24,306	101%	32.6	5.5
1997	272,646,925	1.21%	9,809,051	0.52%	25,334	25,367	100%	32.6	4.7
1998	275,854,104	1.18%	9,847,942	0.40%	26,883	26,919	100%	32.6	4.3
1999	279,040,168	1.15%	9,897,116	0.50%	27,939	28,095	101%	32.6	4.2
2000	281,421,906	0.85%	9,956,111	0.60%	29,845	29,552	99%	35.5	3.7
2001	285,107,923	1.31%	10,002,663	0.47%	30,574	29,946	98%	35.5	5.5
2002	287,984,799	1.01%	10,039,379	0.37%	30,810	30,227	98%	35.5	7.1
2003	290,850,005	0.99%	10,078,146	0.39%	31,463	31,129	99%	35.5	8.8
2004	293,656,842	0.97%	10,104,206	0.26%	33,090	31,711	96%	35.5	8.8
2005	296,410,404	0.94%	10,120,860	0.16%	34,495	32,735	95%	35.5	8.7

Source: U.S. Census Bureau, U.S. Department of Commerce-Bureau of Economic Analysis and Michigan Department of Labor and Economic Growth-Bureau of Labor Market Information & Strategic Initiatives

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Table 16

<u>Employer</u>	2005			1996		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Ford Motor Company	47,091	1	4.81%	59,155	1	5.90%
Detroit Public Schools	18,639	2	1.90%	18,183	2	1.81%
City of Detroit	17,151	3	1.75%	16,932	3	1.69%
U.S. Government	13,708	4	1.40%	14,174	6	1.41%
Detroit Medical Center	10,617	5	1.08%	12,752	7	1.27%
Henry Ford Health System	10,471	6	1.07%	7,620	9	0.76%
Chrysler Corporation	9,900	7	1.01%	16,420	5	1.64%
General Motors Corporation	9,863	8	1.01%	16,466	4	1.64%
Oakwood Healthcare Inc.	7,515	9	0.77%	6,938	10	0.69%
State of Michigan	7,013	10	0.72%	11,032	8	1.10%
Visteon Corporation	6,800	11	0.69%			
County of Wayne	5,806	12	0.59%	5,882	11	0.59%
Wayne State University	5,078	13	0.52%	4,721	13	0.47%
St John Health System	4,821	14	0.49%	3,322	15	0.33%
American Axle & Manufacturing Inc.	4,309	15	0.44%	4,980	12	0.50%
Great Lakes Works - U.S. Steel				3,750	14	0.37%
	<u>178,782</u>		<u>18.27%</u>	<u>202,327</u>		<u>20.18%</u>

Source: Bureau of Economic Analysis: Regional Economic Accounts, Crain's Detroit Business and Wayne County
Department of Management & Budget - Payroll Division

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Full-time Equivalent County Government Employees by Function / Program
Last Seven Fiscal Years
(Unaudited)

Table 17

<u>Function/Program</u>	Full-time Equivalent Employees as of September 30						
	2005	2004	2003	2002	2001	2000	1999
Legislative							
Board of Commissioners	89	81	75	84	43	83	81
Auditor's Office	14	17	21	23	23	17	15
Judicial							
All court and court related actives	806	806	766	940	1004	1041	985
General government							
Treasurer's Office	89	83	78	78	72	85	49
Tax Assessment	46	49	50	50	49	47	43
Tax Billings/collections	8	8	0	0	0	0	0
Budgeting	9	16	9	10	10	9	16
Purchasing	29	27	25	25	25	22	22
Central Accounting	44	37	50	54	54	56	50
Central Administration	59	66	68	71	69	71	86
Other Financial Administration	121	131	113	133	152	178	119
Data Processing	52	52	35	46	37	29	31
Building Maintenance	135	144	147	143	139	129	129
County Clerk	285	277	277	274	274	271	276
Register of Deeds	100	78	87	76	82	77	74
Prosecuting Attorney	300	309	302	287	245	256	250
Corporation Counsel	88	76	67	75	75	70	71
Public safety							
Sheriffs Department							
Arresting Powers	386	697	744	773	678	693	530
Civilian	139	139	0	0	120	156	247
Jails & Detention Facilities	744	711	698	658	666	680	1087
Firefighters	0	0	0	64	67	61	56
Public works							
Public works	162	202	206	205	206	62	97
Sewage Disposal	107	101	106	112	112	112	284
Airport (1)	0	0	6	661	649	609	407
Highways, streets and bridges							
Administration	40	42	39	37	32	35	38
Engineering	145	151	157	169	159	169	150
Maintenance	582	606	598	592	576	581	577
Health and welfare	776	559	492	487	482	493	490
Recreation and cultural							
Parks	78	72	67	68	60	58	54
Libraries	77	44	44	41	42	51	41
Other	296	307	297	308	303	282	100
Total	5806	5888	5624	6544	6505	6483	6455

(1) Wayne County operated the Airports until August 9, 2002. Pursuant to Public Act 90 (the Authority Act), the Michigan Public Acts of 2002 (effective March 26, 2002), the Airport Authority (a component unit of the County) has operational jurisdiction of the Airports, with the exclusive right, responsibility, and authority to occupy, operate, control and use them."

Source: Wayne County Department of Management & Budget, Payroll Division

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Operating Indicators by Function
Last Ten Fiscal Years
(Unaudited)

Table 18

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<u>Function</u>										
Police										
Physical Arrests	1,972	2,075	2,188	2,230	2,360	2,173	2,061	1,937	1,980	1,624
Bookings	1,972	2,075	2,188	2,230	2,360	2,173	2,061	1,937	1,980	1,624
Parking Violations	132	141	94	87	101	99	88	97	82	80
Traffic Violations	24,359	24,387	25,133	26,741	27,410	24,109	23,987	22,105	22,985	21,626
Incidents	16,767	16,310	17,301	17,685	18,735	16,109	16,524	16,978	16,694	15,294
Crash Reports	291	303	311	330	345	290	284	234	211	198
Culture and recreation*										
Rounds of Golf - Warren Valley	60,486	60,819	61,917	64,817	69,396	62,772	62,772	74,300	-	-
Picnic Permits	1,042	1,048	1,059	1,013	1,061	940	888	856	-	-
Nankin Mills Center - (program attendance)	19,509	17,890	16,105	13,360	12,571	9,126	8,890	6,506	-	-
Crosswinds Marsh (program attendance)	3,172	2,620	2,413	2,734	2,589	2,478	2,138	1,540	-	-
Highways and Streets										
Street resurfacing (tons)	42,143	76,420	64,677	93,932	109,548	103,095	141,000	100,000	95,600	129,580
Street resurfacing (miles)	7	20	14	20	33	33	21	22	22	21
Snow removing salt (tons)	93,886	151,342	184,544	56,172	172,000	130,612	138,700	83,478	127,859	140,000
Ditching program (feet)	121,385	86,620	86,345	85,900	264,000	264,000	145,685	200,000	145,685	57,230
Ditching program (miles)	23	16	16	16	50	50	61	30	30	9
Emergency road repairs (tons)	4,808	4,426	3,090	3,000	6,103	5,389	4,900	6,193	4,900	6,185
Forestry Section										
Tree removal	2,869	3,087	5,700	8,000	5,000	1,900	4,950	3,910	3,165	3,253
Tree planting & trimming	1,956	688	450	4,700	2,400	3,200	400	3,704	1,876	279

Source: Various county departments

* Operating indicators are not available for all prior years.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Unaudited)

Table 19

Function	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Public safety										
Stations - Road Patrol	1	1	1	1	1	1	1	1	1	1
Police Services Automobiles	62	62	62	62	45	45	45	45	45	45
Marine Safety (Boats and Vans)	13	13	13	13	13	12	11	9	8	8
Jail	21	21	21	21	13	13	13	13	13	13
Motorcycles	33	45	45	35	35	35	27	27	27	27
Culture and recreation*										
Pavilions	14	14	14	14	14	13	13	7	-	-
Golf Courses	2	2	2	2	2	2	2	2	-	-
Playscapes	13	13	13	13	13	12	12	6	-	-
Soccer Fields	25	24	24	23	23	23	19	19	-	-
Picnic Areas	9	9	17	17	17	17	17	17	-	-
Baseball Diamonds	26	26	26	26	26	26	23	15	-	-
Highways, streets and bridges*										
Traffic signal (maintained)	40	48	50	46	34	39	59	111	-	-
Traffic signs (installed)	4,435	2,500	2,500	2,300	4,500	-	-	-	-	-

Source: Various county departments

* Capital asset indicators are not available for all prior years.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Revenues by Source and Expendes by Type - Pension Trust Funds
Required Supplemental Information
Last Ten Fiscal Years

Table 20

	Revenues by Source					Expenses by Type				Employer Contributions As a Percentage of Covered Payroll
Fiscal Year Ended 9/30	Contributions Employee	Employer	Investment Income	Total	Benefits	Refunds	Admini- stration	Total		
Wayne County Employee's Retirement System (1) (2)										
1996	\$ 2,736	11,789	\$ 72,960	\$ 87,486	\$ 79,166	-	\$ 4,090	\$ 83,256	0	
1997	2,242	12,746	362,419	377,407	91,229	-	3,076	94,305	0	
1998	2,178	7,095	63,271	72,544	49,637	-	4,458	54,095	0	
1999	2,405	7,642	229,381	239,428	91,216	-	5,448	96,664	*	
2000	2,911	3,805	200,475	207,191	93,282	-	4,339	97,621	*	
2001	2,807	39	44,181	47,027	96,801	-	5,046	101,847	*	
2002	17,468	45	47,450	64,963	100,186	-	6,946	107,132	*	
2003	5,897	3,002	107,666	116,565	105,035	-	5,816	110,851	*	
2004	2,445	7,374	86,293	96,112	107,875	-	5,953	113,828	*	
2005	4,159	11,106	138,194	153,459	111,284		6,723	118,006	*	
Wayne County Common Pleas Court Bailiff's Retirement System										
1996	\$ 14	58	\$ 545	\$ 617	\$ 315	-	\$ 36	\$ 351	0	
1997	16	62	631	709	320	-	50	370	0	
1998	-	-	-	-	-	-	-	-	*(3)	
Wayne County Circuit Court Commissioners Bailiff's Retirement System (1) (2)										
1996	\$ 50	64	\$ 256	\$ 370	\$ 89	-	\$ 25	\$ 114	0	
1997	65	73	305	443	89	-	41	130	0	
1998	42	43	280	365	110	-	26	136	*	
1999	34	71	201	306	124	-	24	148	*	
2000	26	67	275	368	130	-	19	149	*	
2001	29	61	201	291	152	-	16	168	*	
2002	27	68	134	229	144	-	10	154	*	
2003	27	63	520	610	124	-	10	134	*	
2004	27	44	286	357	124	-	-	124	*	
2005	26	29	522	577	124		11	135	*	

(amounts in thousands)

* Not available

Ten year historical trend is required supplementary information.

(1) Fiscal years 1990-97 ended November 30

(2) Fiscal Year 1998 ended September 30, 1998, supplemental information for 1998 is for 10 months

(3) Effective December 1, 1997, the Wayne County Common Pleas Bailiff's Retirement System was merged with the Wayne County Employee's Retirement System.

See accompanying accountant's report.

CHARTER COUNTY OF WAYNE, MICHIGAN
Analysis of Funding Progress - Pension Trust Funds
Required Supplemental Information
Last Ten Fiscal Years
(Unaudited)

Table 21

Fiscal Year Ended 9/30	Net Assets Available for Benefit as Used by the Actuaries	Pension Benefit Obligation	Percentage Funded	Unfunded (Excess) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
Wayne County Employee's Retirement System (1)						
1996	\$ 867	\$ 867	100%	\$ -	\$ 209	-
1997	878	870	101%	(8)	224	-
1998	933	907	103%	(26)	231	-
1999	967	915	106%	(51)	256	-
2000	1,029	948	109%	(81)	276	-
2001	1,042	979	106%	(62)	294	-
2002	1,043	1,011	103%	(33)	309	-
2003	997	1,008	99%	11	289	4
2004	910	960	95%	50	343	14
Wayne County Common Pleas Court Bailiff's Retirement System						
1996	\$ 7,318	\$ 4,301	170%	\$ (3,017)	\$ 538	-
1997	*	*	*	*	*	*
Wayne County Circuit Court Commissioners Bailiff's Retirement System						
1996	\$ 3,359	\$ 3,217	104%	\$ (142)	\$ 889	-
1997	3,617	3,409	106%	(208)	827	-
1998	3,854	3,455	112%	(399)	768	-
1999	4,097	3,730	110%	(367)	838	-
2000	4,324	3,789	114%	(535)	714	-
2001	4,391	3,789	116%	(602)	714	-
2002	4,367	3,527	124%	(840)	714	-
2003	4,403	3,557	124%	(846)	714	-
2004	4,437	3,584	124%	(853)	714	-

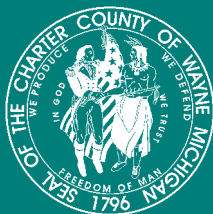
(amounts in thousands)

* The Wayne County Common Pleas Court Bailiff's Retirement System was merged with the Wayne County Employee's Retirement System, effective December 1, 1997.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligations, and unfunded pension benefit in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the plan's funding status on a going-concern basis. Analysis of the percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

(1) Fiscal years 1991-97 ended November 30

See accompanying accountant's report.



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